**EUROPE'S BUSINESS NEWSPAPER** 

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#### World News

Nordic

The state of the s

Harry Market Company of the State of the Sta

# heightens tension

New tensions were introduced in Angio-Irish relations after the London Court of Appeal dismissed appeals by six Irishmen against their convictions for the murder of 21 people in Birmingham public house bombings in 1974.

The court decision came at a particularly delicate time in

particularly delicate time in London's relations with Dublin. Lawyers for the men said they planned to take the case to the House of Lords, Britain's highest court of appeal. Page 26, analysis, Page 14

#### Contras propose power sharing

Nicaraguan Contra rebels proposed a power sharing arrangement between opposition par-tles and the Sandinista

As talks began with San-dinists representatives in Costa Rica they put forward a plan for an interim government of national reconciliation which would initially exclude Contra leaders. Page 4

#### Worldwide AIDS fight Health ministers from 120 countries pledged international

co-operation to reduce the spread of AIDS. The ministers, attending a world summit on the disease in London, agreed to share ideas on how to encourage people to change their sexual behaviour. Page 14

#### IRA weapons found

An Irish Republican Army arms cache – including 90 Kalashni-kov rifles, 40,000 rounds of ammunition and heavy-duty machine guns capable of bringing down helicopters – was found on a remote beach in the lich Parablic Irish Republic.

#### Gaza curfew lifted:

Israeli troops lifted the last remaining curfew in the occupled Gaza Strip but unrest flared in the West Bank where SF1.3675, Y127.175. It closed in London at DM1.6662 at their numerat an Israeli Government mais tect and other clashes were (FFr5.6326); Y127.15 (SFr1.3560); Y127.15 (Y127.50). Fage 37

# Hundreds of people fled a squatter camp outside Cape Town, South Africa, when black gangs rampaged through the area, setting fire to shacks and attacking residents. Residents said at \$1.7810 (\$1.7840); DM2.97 (

dents said at least one person was killed but this was not confirmed by police.

#### North Korean rally North Koreans held s mass

rally in Pyongyang to protest against what the Government called American and South Korean military provocation. Sulk-ing in its solitary tent, Page 3.

Co-operatives rescued Malaysia's central bank said it would pay more than 1bn ring-git (\$400m) to bail out 13-cooperatives accused of misman-agement but warned it would not come to the rescue again.

#### Peru strike clash

Demonstrators blocked roads with burning tyres in Lima, Peru, and police fired tear gas to disperse students who threw rocks during a 24-hour general

#### Steelworks demo

Thousands of children helped to form a human chain around a steel plant marked for closure in Duisburg, West Germany, while workers went on strike at foundry also due to shut down near Regensburg in Bavaria.

#### Brazil deal criticised

The US criticised Brazilian For-elgn Minister Roberto Abreu Sodre for suggesting there was no harm in Brazil selling weap-ons worth billions of dollars to

Atom spy Fuchs dies Physicist Klaus Fuchs, jailed in 1950 in England for spying on nuclear secrets at the British atomic research centre at Har-well near Oxford, died in East Germany aged 76. Page 2

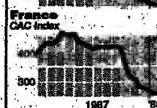
#### Business Summary Bomb case UK current account Anglo-Irish deficit worst for 13 years

BRITAIN'S current account deficit on its balance of payments totalled £2.7bn (\$4.8bn) in 1987, up from £940m (\$1.7bn) in 1986 and the biggest shortfall for 13 years. Page 10

FRENCH and GERMAN share prices retreated to two and three-year lows respectively as overseas investors led a sharp sell-off. The Paris CAC index,

#### West Garmany erzbenk index





based on the opening prices of 244 shares, was down 1.2 at 253.0, while the Frankfurt FAZ index sank 7.82 to 397.77. Page

WALL STREET: The Dow Jones industrial average closed up 18.90 at 1,930,04. Page 48

TOKYO: After a weak start share prices took encouragement from the dollar's continued stability and the Nikkei average closed 251.34 higher at 23,587.25, Page 48

LONDON: Bolstered by strong speculative trading in oil shares and unflustered by the hefty UK current account deficit, equities managed a resilient gain and the FT-SE 100 index closed 18.7 higher at 1,783.9;

ATLANTIC Richfield, US oil company, took a 14.6 per cent stake in Tricentrol, independent stake in Tricentrol, independent UK oil concern, paying up to 180p (\$3.21) per share and out-bidding Elf Aquitaine, French oil group, which had increased its offer of 146p to 160p (\$2.85) earlier in the day. Page 27; Lex, Page 26

BRAZILIAN Government has dropped a controversial pro-posal allowing foreign creditors to trade debt for long-term gov-ernment bonds, instead decreeing that debt can be exchanged for shares in local companies.

POLAND'S economic growth rate dropped to 2 per cent last year, its worst performance for five years.

WEST GERMAN Government is aiming for economic growth of between 1.6 and 2 per cent

this year. Page 2

EUROPEAN Investment Bank lending increased 2.6 per cent to Ecu7.84bn (\$6.37bn) last

JAPAN'S industrial production index for December rose 8.6 per cent against the same month the previous year. Page 3 SWITZERLAND'S watch indus-

SWILLEMANDS WHICH INDUSTRY achieved record exports of SFr4.34bn (\$3.2bn) last year, despite the strength of the Swiss franc. Page 4

BRITISH investors achieved a better return from equity investments than from gilt-edged securities over the past six years. Page 12

PORSCHE, West German luxnry sports car producer, fore-cast it would remain in profit this year, despite sharp falls in turnover and production pre-cipitated by poor sales in the US after last October's stock market crash. Page 27

# US set to ease European defence technology curbs

BY PAUL BETTS AND IAN DAVIDSON IN PARIS AND STEWART FLEMING IN WASHINGTON

to its European allies.

A breakthrough was being forecast by some observers last

night as completion drew nearer of an agreement for an exchange of radar technology between Thomson CSF, the French state-controlled defence electronics group, and Texas Instruments, the US semi-conductor manufacturer.

Under the exchange, Thomson would be provided with the components necessary for

development of miniaturised radar for France's ambitious advance combat aircraft, the Mr Dennis Kloske, US deputy of high-technology exports from the West to the Soviet blanning and resources, will lead an American delegation to Paris early next month to negotrate the final details of s memorandum of undestanding between the orandum of undestanding between the two governments, described last night by a senior Pentagon official as "a land-mark decision."

The memorandum of under-

Beirut yesterday for traces of the latest West German hostage in the Lebanese capital, Mr

Ralph Schray, as their com-manders signalled determina-tion to obtain his release.

The Syrians, who have been deployed in force in West Beirut since February last year, were reported to be on height-

and security officials, it is the work of Mr Abdel Hadi Hamadei, the brother of two Lebanese Shia now in prison in

West Germany.

He is reported to have acted unilaterally to step up pressure on the Bonn Government to release the two brothers, one of

agreed.
Mr Kloske has also indicated
that Washington was considering approval of a parallel radar
technology transfer sxchange for the new four-nation Euro-pean Fighter Aircraft (EFA)

agreement would involve Hughes Aircraft of the US, AEG of West Germany and General Electric Company of the UK. This important shift in American policy coincides with a compromise agreement between the US and its Western allies on

yesterday after a two-day closed-door session of the Co-ordinating Committee for Multi-national Export Controls (CoCom), which includes the members of Nato (except Ice-land) phys. Japan. land) plus Japan.

standing will cover monitoring
of the technology transfer, target dates for the release of compromise involved support
Texas Instruments technology for American demands that the

**Syrians comb Beirut for** 

Egypt wins support

President Reagan yesterday assured Egyptian President Hosni Mubarak that the US

fully supporte Egypt's peace initiative for the Mid-dle East, Reuter reports from

washington. "We are part-ners in this endeavour," Mr Reagan told Mr Mnbarak, who nevertheless indirectly, eautioned the American leader not to be distracted

from peace moves by elec-tion-year politics. Page 26

nationals, Mr Rudolf Cordes

West Beirut. The carefully-planned abduc-

and Mr Alfred Schmidt.

for peace moves

West German hostage

BY NORA BOUSTANY IN BEIRUT AND DAVID MARSH IN BONN

Washington has been coming under increasing pressure from its Western allies to liberalise its technology transfer policies, which have at times seemed designed as much to hobble the programme.
This second radar technology development of European tech-nologies as to prevent the sale of militarily-sensitive technology to the Soviet Union.

However, a Pentagon official warned that nothing had yet been signed between the US and France concerning the radar transfer and that what is being examined is an agreement to explore the prospects for co-operation. He added that some "tough negotiating" had yet to

He inferred that continuing disagreements in Washington about the wisdom of sharing sensitive military technologies were still an important obstacle to the establishment of a clear cut policy in favour of such mil-

itary co-operation.

Although the Intermediate
Nuclear Forces treaty with Moscow, which calls for the removal of medium and and security issues. implementation of controls on short-range nuclear missiles. The industrial partners will high-technology exports should from Europe, has strengthened

Schray, who is Lebanese-born but has a German passport. Mr Friedhelmost, the Govern-

liner to Beirut in June 1985.

Britain has asked West Ger

Mohammed Ali Hamadei to the

THE US is poised to ease have to apply to the US Govbertictions on transfer of some contractions on transfer of some content for an export licence for American agreement that once the memorandum is once the memorandum is agreed.

A breakthrough was being Mr Kloske has also indicated the list of beaned technologies should be slimmed down.

Were breakthrough was being the hand of those arguing for American agreement that the list of beaned technologies should be slimmed down.

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Were breakthrough was being the hand of those arguing for American agreement that the list of beaned technologies agreed.

French sources were not rul ing out the danger that the US might attempt to impose a ban on French exports of the jointly developed radar or of sircraft

using that technology.

The proposed agreement between Thomson and Texas Instruments would involve the transfer of Thomson air-to-air radar technology in exchange for the American company's air-to-surface technology and its expertise in miniaturised

components.

This technology transfer could prove crucial to France's Rafale advanced combat aircraft, by providing it with a suitably small, light and cost-effective radar.

David Thomas writes:

Hughes' European partners think that full transfer of the technology behind its APG-65 radar is a key to their chances of winning the £1bn (\$1.78bn) radar contract for the European

Fighter Aircraft.
The Hughes-GEC-AEG consortium intends to adapt the Hughes radar for the European

Background: Page 2

#### Ford UK faces all-out strike

in London

ment spokesman, said it had no confirmation that Mr Schray's FORD Motor Company's 32,500 manual workers in Britain will kidnapping was linked to the seizure of Mr Cordes, an employee of the Hoechst chemistart the company's first national strike for a decade at midnight on Sunday .

It is thought most of Ford's cal group who is still being 22 plants will be brought to a halt today by spontaneous wal-

However, diplomats and newspapers said the kidnap-ping was clearly linked to the trial in Dusseldorf and the con-tinued imprisonment of Mr kouts. The unions set the Sunday midnight deadline for strike action three days ago, workers having voted for strike action Mohammed Ali Hamadei, who is accused of hijacking a TWA air-

Pay talks broke down yester-As the Government's hostage day after union negotiators crisis team held an emergency meeting, spokesmen emphasised rejected an improved three-year pay and conditions offer. Union leaders decided to go ahead with the planned strike after talks broke down yester-January.

The officials said Syria was determined to get the missing engineer back to restore its credibility as the policeman of Bonn's policies on hostage-taking.

The company Improved its pay offer by 0.6 per cent for 1987-88, bringing the first-year increase to 7 per cent and offered rises in the subsequent tion was a major setback to Syrian authority, and Syrian military commanders have Bonn refused to extradite Mr

two years worth 2 per cent Continued on Page 26

# Closer G7 links sought by Nakasone

MR YASUHIRO NAKASONE, the former Japanese prime min-ister, yesterday called on the seven big industrial nations to establish a "broad-sighted de-facto alliance" to ensure the economic security of the free

More immedistely, he suggested it was time for the US to introduce tex incentives to boost domestic savings and to begin issuing government bonds denominated in foreign

currencies.
Mr Naksone's first public Mr Naksone's first public speech since he relinquished the premiership last year turned into a resounding appeal for closer co-ordination among the major Western nations in both economic and security matters, in which Japan would play a full role.

Strengthening the structural

Strengthening the structural

Strengthening the structural framework for closer co-operation between the Atlantic and Pacific spheres was a major prerequisite for global prosperity, Mr Nakasone said.

The need for a new co-operative framework in the West had been signalled by the October stock market crisis and by the signature in December of the US-Soviet INF agreement scrapping medium-range nuclear mis-

ping medium-range nuclear mis-siles, Mr Nakasone argued. The "stinging message" of the October crash was the result of the market's suspicion that economic policy makers were divided. The subsequent turmoil in the stock and currency markets warned of insufficient policy co-ordination.

policy co-ordination.

After the INF agreement Mr
Nakasone foresaw a Soviet
peace offensive in Asia, focused
not only on Japan but also on
China, "another Marxist-Leninlst great power." The Soviet
Union certainly had China in
mind when it agreed to destroy
its medium-range SS20 missiles
deployed in Asia, Mr Nakasone
said.
In finding an effective

response to the expected Soviet financial markets, Mr Nakasone moves in Asia, increased co-operation between the US, Western Europe and Japan would become all the more important.

Solidarity among Western to foreign investors than dollar bonds, the US could send another signal of its determinations to abolish chemical weapons, reduce conventional forces.

Mr Nakasone warned. By issuing government bonds in other currencies (potentially of greater interest bonds), the US could send another signal of its determination to maintain confidence in the dollar.

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Mr Nakasone warned. By issuing government bonds in other currencies (potentially of greater interest bonds), the US could send another signal of its determination to foreign investors than dollar bonds, the US could send another signal of its determination to foreign investors than dollar bonds, the US could send another signal of its determination to foreign investors than dollar bonds, the US could send another signal of its determination to maintain confidence in the dollar bonds in the foreign investors than dollar bonds i level of strategic nuclear weap-ons, Mr Nakasone argued. He dise their taxes as a long-term called for consultations to work goal. out a comprehensive Western Ru



economic policy co-ordination among the G7 industrial nations could be just as important for security as a military alliance,

Mr Nakasone was giving the opening address to the World Economic Forum, the annual businessmen's summit in Davos, Switzerland, for which the new state of the world economy is a major theme this year.

Although he is no longer premier, he remains a highly influential senior statesman and left no doubt that he was speaking

To restore bellef in the dollar, which he described as "the world's sole key currency," the US could follow Japan's example and introduce tax incentives to encourage savings, Mr Naka-sone suggested. This would help solve the problem of the twin budget and current account deficits.

If stock markets crashed deployed in Asia, Mr Nakasone again, Japanese and other for-said.

In finding an effective response to the expected Soviet financial markets, Mr Nakasone

tries should agree to standar-

Ruefully admitting that his strategy. own attempt to introduce tax
The West needed to adopt reform in Japan last year had global approaches to both eco-nomic and security problems. If suggested that international the world economy were to agreement on a model basic tax break down, so would world system could help persuade security. The framework for people of the need for reform.

# IBM reshuffles top managers in attempt to lift profit growth

release the two brothers, one of issued s stern warning to Mr Mohammed Ali Hamadel to the whom, Abbas Hamadel, is on trial in Dusseldorf accused of in Bonn, the West German of hostages. It was not clear for two other West German down the kidnapping of Mr would be given.

INTERNATIONAL Business the group's revitalisation plans, though, by the failure to Machines, the world's largest is considered less effective as rebuild profits faster.

computer manufacturer, substantially reshuffled its senior

The shake-up elevates two results would have shown a managers yesterday in an attempt to obtain a faster payoff from the painful steps it has taken in recent years to revital-

taken in recent years to revitalise a stagnant performance.
The company will delegate
more powers to a newly created
echelon of general managers in
the hope of making it more
responsive to customers.
Conversely, IBM has tightened control over technology to help prevent overlaps and incompatability between prod-

Mr John Ackers, the chair-man, said that the new struc-ture "builds upon the actions ws have taken over the last two ws have taken over the last two
years to streamline our business and enhance our partnership with customers."

While hs remains chairman, it
appears that significant dayto-day responsibilities have
been devolved to more junior

The shake-up elevates two executives with reputations as "men of action" to vice-chair-

Mr Kaspar Cassani, a Swiss, who heads IBM World Trade,

who heads IBM World Trade, receives broader worldwide marketing responsibilities.

Mr Jack Kuehler, formerly head of information systems worldwide, will oversee a broader range of business.

A newly created organisation, IBM United States, will be responsible for U8 marketing, manufacturing and financial performance.

decline for the third year run-ning without help from special

factors such as currency gains.
IBM has also been struggling

Mr Lautenbach.

Their responsibilities will be:
large systems and software;
mid-range systems and software; work stations, personal

# IBM has also been struggling to overcome its reputation for having families of products which are hard to connect together in networks. Mr Terry Lautenbach will head the US organication, reporting to Mr Kuehler. Five general managers will report to Mr Lautenbach. Their responsibilities will be manufacturing and financial performance. However, it will also have the leading role in ensuring IBM "is fully responsible to worldwide markstplace requirements, while providing systems that interconnect effectively," the company said. Despite some remaining meaknesses in its product line, IBM's turnround began slowly in the middle of last year. Management and investors have been disappointed, involved with the new units.

Thomas Cook

#### ONE TRIP TO PETERBOROUGH SAVED THIS TRAVEL COMPANY OVER £3 MILLION LAST YEAR In business as well as in

travel Thomas Cook have always been going places. But never more so than since they moved their international headquarters to Peterborough.

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Name	 _		
Position			
Company			
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Britain



managers.
Mr Acker, an intellectual who
is widely credited with devising

SANCTIONS PUT THE THAW

FREEZE ON N. KOREAN

Kim Jong II, known as the Dear Leader, will succeed his father 'The Great Leader,' Kim Il Song, Page 3

Washington: US set to soften line on tech-Trade: Fighting words from France's Mexico: Selling a debt exchange scheme to

the sceptics ... Space: Moscow makes for Mars Argentina after the rebellion: Putting the house in order

Politics today: Restoring faith in Britain's Lex: Arco; Dee Corp; Ivory & Sime; Unit

TWELFTH FRANCO-BRITISH SUMMIT

# Mitterrand to seek boost for missile project

BY IAN DAVIDSON IN FARIS

THE FRENCH President, Mr Francois Mitterrand, will seek to give new political impetus to the project for an air-launched nuclear-armed missile, under study for joint development by France and Britzin, when he visits Lendon today for the twelfth France-British summit. Last month Mr Andre Giraud. France's Defence Minister, and Mr George Younger, his British counterpart, announced that their governments were embarking on joint studies of a medium-range air-launched mis-

But pre-summit briefings in Paris have implied that these studies have run into difficullies on the British side, and need an additional political push. The French Government important precedent for embarking on nuclear co-operation with Europe's only other nuclear power. Nuclear co-operation with Britain has been with ground agreement, the value of the ening Europe. Mrs. an extra political boost earlier this week when the French at 50 per cent cut in strategic franco-German dei decided 10 order weapons, the need for arms eration could under

Death of

atom spy

PROFESSOR Klaus Fuchs, the

East German physicist jailed in 1950 in England as a Soviet

atom spy, died yesterday aged 76, according to the East Ger-man news sgency, Reuter reports from East Berlin.

A German Communist forced to emigrate to Britain by the Nazis in the early 1930s, he

spied on nuclear secrets at Brit-

He took a science doctorate a

Edinburgh University. In 1940,

he was rounded up together with other Germans in Britain

Glasgow University, he became

as an atomic research assistant and in December 1943 he was

mission and remained there until June 1946, working

closely on the development of the world's first atomic bomb

at Les Alamos. Upon his return to Britain, he

was appointed deputy scientific director of the British Atomic

Energy Research Institute at

Meanwhile, it became increas

ingly apparent that atomic

information was being leaked to the Russians, but it was many

months before Fuchs was iden

tified as the source. Under interrogation, he con-

fessed and was charged with

passing secret information to

the Russians over a period of

cles aimed at Bonn.
Mr Wolfgang Schnuer, a Protestant Church lawyer, said Mrs
Vera Wollenberger had been

sentenced to six months' jail for uniawful assembly.

East Germany jailed a dissident yesterday as its press kept up a barrage of tough arti-

several years.

In 1942, he was offered a job

a naturalised Briton.

Fuchs.

Soviet

given sharply increased priority by the French Government ever since the US-Soviet INF agreement to remove a whole class of medium-range missiles from Europe became a certainty last year.

President Mitterrand has also recently expressed reservations about the military credibility or political acceptability of France's existing sub-strategic nuclear weapons, whether ground- or air-launched, because their range is too short to avoid striking targets in Gerto avoid striking largets in Ger-

France already has an airlaunched nuclear missile, the so-called Air-Sol Moyenne Portee (ASMP), whose range varies between 100km and 350km depending on height of launching. The

The projected joint sault.
Anglo-French air launched missile would have a longer range, an ex

THE BONN Government said

yesterday it was aiming for growth in the West German economy of between 1.5 and 2

per cent this year. But the pro-jection, contained in the Gov-

ernment's annual economic report, was immediately criti-

cised as over-optimistic by the opposition and trade unions.

The report, which contains no economic policy initistives,

foresees that the overall deficit

of central, regional and local governments will rise to a larger than expected DM70bn (\$23,5bn) from DM54bn ln

the nature of the difficulties which have arisen, it appears that one detailed problem is a difference of opinion over the range of the weapon, with the British Government seeking an

even longer range than France believes is necessary.

Technically, such a disagree-ment could be the direct conse-quence of the differences in the characteristics of the next-generation combat aircraft being planned respectively by the two countries. It was these differences, notably about the size of the aircraft, which led Franca to drop out of the negotiations with Britain, West Germany and haly on the joint European Fighter Aircraft (EFA) project, in favour of its own, smaller Rafale fighter, designed by Das-

Bonn growth target under fire

cials are reluctant to specify two prototypes, could be too control on conventional forces sile desired by the UK.

But French sources imply to exclude British and French that the difficulties over the technical characteristics of the technical characteristics of the power negotiations. proposed air-launched nuclear weapon are not purely techni-cal, but have ramifications which may extend into differ-ences of opinion about nuclear strategy and doctrine.

they are at pains to emphasise the many defence and security issues on which the two govern-ments agree, and on which they must concert their positions in ot suithe wake of the US-Soviet ance.

ernments are in complete agreement on the importance and sig-nificance of the Euromissile

Inflation is forecast to stay

well under control, with con-aumer prices rising by 1 per cent against an increase of 0.6

The government projection

assumes an increase in real exports by 1.5-2.5 per cent, following stagnation in both 1986 and 1987. This assumption,

along with the Government's

projection of continued robust domestic demand, has been attacked by the opposition Social Democratic Party, which

believes the Kohl administra-

tion ia underestimating the effects on West German com-petitiveness of the decline in

4-5 per cent this year - much faster than exports. This was

hailed by Mr Bangemann as a further contribution to lower-

ing balance of payments dis-cquilibrium. However, the effects on West Germany's

large current account surplus

will be only slight, in view of

falling import prices which have bolstered the surplus in

per cent last year.

small to carry the size of mis- and chemical weapons in Europe, and above all the need

In addition, President Mitter-rand will undoubtedly seek to persuade Mrs Margaret Thatcher, the British Prime Minister, that the Intensificatrategy and doctrine.

Itlen of France to defence co-opAt the same time, however, eration with West Germany. which was given new promi-nence at last week's celebration of the anniversary of the Fran-co-German Treaty, is not aimed ot suoverting the Atlantic Alli-

He will assure her, as he said They claim that the two gov-at last week's celebrations, that emments are in complete agree-Franco-German defence collaboration "is not a Franco-German axis," but is aimed at strengthening Europe. Mrs Thatcher has publicly expressed anxiety that Franco-German defence co-op

#### Caution in Denmark on Soviet arms offer

ME BERNT Jobon Collet, Denmork's Minister of Defence, is highly sceptical about Soviet proposals for creating a better balance in conventional weapons between Nato and the War-

saw Pact.
"I wont to see it before I will believe it," be said.
"The current threot from the Worsaw Pact against Nato has not choosed in

any way."
In the Baltle, ln whieb Denmark bas an immediate interest, the Soviet build-up of new types of vessels ond other military facilities had continued unabated.

The halld-up is of an offensive character, and this haso't changed.
"You don't defend your-

self with amphiblous ves-sels," he added, referring to oo increase over the past few years in Soviet amphibious troop-carrying capacity. Mr Collet was also dubious about peoposals mado hy Mr Mikhall Gorbachev, the Soviet leader, for reduc-ing military activity in the

marino areas of the Arctle north of Norway. "Tersioo haa arisen because of the enormons build-up of Soviet strength in the Kola Peninsula and the Barents Sea.

The Danish minister said that furthor details of tho Soviet proposals, cootained in o speecb by the Soviet Prime Minister, Mr Nikolai Ryzkhov, in Oslo last month seemed calculated to drive a wedge between the Nordie memhors of Noto - Den-mark, Norway and Iceland and their allies.

The Soviet anggestion was that the Nordic countries could send observers to Soviet fleet exerciaes northern woters and could moditor Sovlot vessols ontering the Boltic to ensure they do not carry nocloar wenpons.

Mr Collet did not reject the Soviet proposals out of hand, but said they must be discussed multilaterally between Nato and the War-saw Pact - and not hilater-

# lira sinks further on free market

By Jim Bodgener in Ankara

Turkish

A DRAMATIC slump in the value of the Turkish lira this week on the unregulated domestic markets is continuing despite a warning against apec-ulation from Mr Turgut Ozal, the Prime Minister.

The slide to 24 per cent more than the official central bank rate has been blamed partly on popular mistrust of the Turkish

The lira railled slightly on the free markets against the dollar following the warning by Mr Ozal to banks on Wednesday that their licences might be rovoked if speculation were not checked. But then it continued downwards under the pressure of heavy foreign exchange buy-lng by banks to around TLI ,380 against sterling (£1=\$1.77) yes-terday afternoon, compared with the central bank daily rate

Turks anxioua to convert their savings into foreign cur-rency as a hedge against infla-tion have added to the pressure on domestic currency. Foreign currency holdings now amount to a third of total deposits.

Fears that there will be a mini-devaluation of the ilra before its flotation – expected in March – in search of eventual full convertibilty, have not

Banks have also increased commissions for foreign exchange transactions to 25 per cent. Local press reports say that available foreign exchange has been squeezed further by an increase in fictitious export returns from exporters seeking to claim export tax rebates which are being gradually

The central bank recently required banks to raise the amount of foreign currency deposited with it by one per-centage point to 16 per cent.

# Spain stands firm on rights to fish in Moroccan waters

Community

SPAIN is even more determined to hold out for a better deal with Morocco over fishing rights after a decision by the European Commission to pay Ecu3m (\$3.69m) compensation this month to Spanish and Por-tuguese fishermen unable to fish in Moroccan waters since

January I.

Now that Brussels is negotiating on Spain'a behalf for renewed rights to Morocco's rich fishing grounds, Madrid has stiffened its resolve to end the gradual erosion of its fleet that characterised previous bilateral ogreements when

Spain was not in the EC.

Morocco is keen to ensure that its fishing industry—which has doubled since 1983 to a turnover of \$450m a year with 100,000 employed—is allowed greater acceas to a major source of national wealth. Officials in Rabat, who say 70

per cent of Spanish fish exports come from Moroccan waters, want to cut Spain's quota on conservation grounds.

According to fisheries offi-cials in the Cansry Islands, where 150,000 people depend directly or indirectly on the Moroccan fishing grounds, any climbdown would be the death knell for the local fleet. Over the past four years the Canaries fleet has been reduced by 40 per cent to accommodate

Moroccan demands.

Spanish fisherman say that Moroccan trawlers have increased their lucrative catch of squid from 10 tons in 1983 to 195 tons last year, largely thanks to generous Spanish credits which have allowed Rabat to buy bigger fishing vessels from Spain.

Spain refuses to accept any

cut in the 700 vessels from the Canaries and from southern Spaln that habitually fish in Moroccan waters. It will, how-ever, sccept a 15 per cent cut in the squid catch which is the focus of the argument because of the high price it fetches.

Tom Burns in Madrid and Francis Ghiles in London report on how Spain is resisting the erosion of agreements struck before it entered the European

Morocco, citing conservation, insists that the Spanish squid catch be cut by 45 per cent over four years. Specialists, how-ever, dispute the conservation argument, at least with regard to squid. Moroccan negotiators have offered Spain a fourfold or fivefold increase in its intake of tuna and some other species. but this does not appear to interest the Spanish.

Spain apportions equal blame to Morocco and to the European Commission for the end-of-year collapse of the fishing agreement negotiations and for the consequent halt on January ! to the activities of its Moroccar waters vessels.

As Spanish officials see it, if Rabat was obdurate, Brussels was less than tough.

The Commission's compensation terms, in addition to allow-Ing Spain to sit out the dispute for the time being, buttressed the Spanish view that the problem is one for the Community

to solve.

Madrid officials are glad the Community is at last confront-ing the difficulties of negotia-ting with Morocco and feel Brussela should bring greater

pressure to bear.
"We fish in their waters, but Moroccan citrus products, which are sold cheaper than ours in the Community, are transported through Spain. said one Spanish official.

Panic sweeps

currency shops

By Charles Hodgson in Moscow

Soviet hard

#### Murdoch may launch satellite news channel

Cable News Network.

The alm would be to put the

channel on Astra, the 16-channel television satellite sched-uled for lauoch towards the end of this year.

Mr Murdoch believes that News Corporation, which owns television stations as well as newspapers, has much of the resources needed to launch a

news channel.

abem disn

Mr Murdoch said he was sceptlcal about the prospects for British Satellite Broadcasting, the UK direct broadcasting by aatellite venture, even though he has a small indirect stake in

BSB's founder shareholders. Mr Murdoch fears the \$625m BSB venture is too costly and that the difference between the aize of receiving equipment needed to pick up Astra's 16 channels and that of BSB's high power satellite will not be great enough to give BSB a decisive commercial advantage.

The fact that Mr Murdoch is talking about putting three tele-vision channels on Astra is an important Indication of his

The existence of beriozka stores has long been a source of resentment to ordinary Soviet shoppers, who regularly have to queue for lengthy periods to buy gooda in short aupply. They have also led to speculation in both the coupons them. tion in both the coupons them selves and the goods bought with them, and have encouraged a thriving black market in hard currency.

The move oppears to be almed primarily at atamping out this speculation and the ohops themselves will stay in buain

foreign currency accounts at the Vnesheconombank would be able to pay for goods by cheque, almost unheard of in the Soviet Union.

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Paul Betts and lan Davidson on a Pentagon decision that may enhance defence co-operation

# US set to soften line on technology transfers

defence programmes.

than a coincidence.
Washington had been pressing its Western partners in the

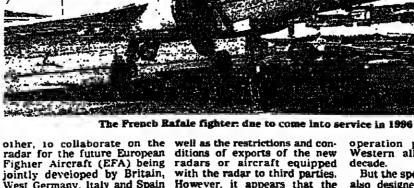
Washington's policy of ways of securing access to restricting exports of sensitive technologies to Soviet bloc and An American decision on the technologies to Soviet bloc and non-aligned countries had Ti-Thomson technology swap became one of the principal would also be followed up soon

the project this week. But the French authorities have been increasingly anxious to secure international partners to collab-orate on the Rafale to reduce including the state-controlled

obstacles to technological col- by Pentagon approval for a laboration even with its partners in Nato.

But an agreement over radar
technology serves a two-edged
purpose for the US and for many and GEC of Britain on the

similar radar technology transtries to complete the TI-Thomsider radar technology transsimilar radar technology transtries to complete the TI-Thomsider radar technology transsimilar radar technology transtries to complete the TI-Thomsider radar technology transmemorandum is expected to said this would be an issue
spell out the details of the technologies to be transferred as



ransfer negotiations, indicated this week that the Pentagon was expected to approve the Hughes radar deal next month.

a US delegation to Paris next week to negotiate final details of the memorandum of understanding between the two countries to complete the TI-Thom-

ditions of exports of the new with the radar to third parties.

designed to stifle political opposition to the radar technology transfer in Washington. In the view of the highly sensitive political and defence nature of the issue, the US Defence Department set up a apccial task force last August to con-

operation programmes with Western allies for the next But the special task force was

also designed from the begin-ning to serve as a framework

controlled group to reduce sig-nificantly the size and weight of components for the Rafale radar. In return for TI's air-to-

will open up the air-to-air radar husiness for TI which has con-centrated until now mainly on air-to-surface radars. The French Government's decision confirming its commit-ment to the Rafale programme has also been an important boost for Thomson, which like other major French defence

groups has suffered from the slump in big defence export orders. The French Government also indicated this week it had no plana to acquire US-built F-18 fighters for the French navy to replace the existing Cruaader fighters which will become obsolete in 1993, three years before the Rafale is due to enter service.

years before the marate is the to enter service.

The Rafale programme, which la expected to involve initial orders of 330 aircraft for the French air force and navy in 1996, has long been regarded as crucial for Thomson as indeed for Dassault. But until recently, there had been some doubts about Thomson'a ability to supply the appropriate radar for the Rafale. With the TI technology, however, the French group is expected to have access to the necessary components to develop a auitably small and light radar system for the Rafale. But a radar technology agree-

particularly important because ment and the oew opportunities it will enable the French state it opens for transatlantic defence co-operation beg many questions. European industrialists will continue to be wary of American efforts to obstruct aurface radar technology. Europe's export capabilities and it will certainly not pacify using edge air-to-air radar technology to the US company. This interests

#### Growth last year was 1.7 per cent, below the government tar-get of 2.5 per cent. Harwell near Oxford for three years until unmasked in 1949. The US Congress Atomic Energy Commission said his Mr Martin Bangemann, the Economics Minister, presenting the report, admitted that the spying helped speed up the Soviet Union's atomic weapons projection for this year was ambitious, in view of forecasts programme by 18 months. He moved to East Germany sustained by domestic demand. This is projected to grow by 2.5-3 per cent in real terms, against s rise of 2.9 per cent by several economic research institutes that growth would be between I and 1.5 per cent. after serving nine years of 14-year sentence passed by a British court in March 1950 for Repeating bis aversion to peslast year. imism over economic pros Unemployment is foreseen to espionage. Prof Fuchs then became a pil pects, Mr Bangemann pointed out that this year's expected grow by 60,000 on average this year to 2.3m, around 9 per cent lar of East German society as deputy director of the country's growth would continue to be of the workforce. nuclear research institute at Rossendorf, near Dresden. He had worked in the anti-EIB lifts lending by 2.6% Nszi underground movement for two years before he was forced to flee to France and later to England where be arrived in 1934. BY DAVID BUCHAS IN BRUSSELS

and sent to Canada as a internee. Upon his return to Britain and further study at lending agency, lo double lts lending for environmental projects to Ecu 1.6bn in 1987, sent to the US as a member of Britain's Atomic Energy Comdubbed the European Year of the Environment, from Ecu 702m the year before.

A Si'RGE in regional development projects in poorer parts of the European Community, plus industrial investment, helped increase lending by the European Investment Bank (EIB) by 2.6 per cent in real terms last year to Ecu 7.84bn (£5.4bn).

Martin Bangemann

ambitious projection

A third factor for the Ecu Itself on good terms, increase was the decision by the said that despite the anticthe EIB, the Community's chief ipated increase in EIB drive to create a single inte-grated market within the next

masked an almost total cessa tion of loans to small UK com ipated increase in EIB panies, because of the UK Trea-operations during the EC's sury's decision not to cover the the private sector. Despite con-

# the European Year of five years, the bank would not tinued Treasury denial of this need a capital increase before cover, EIB officials hope this 1992. EIB officials predicted year will see some renewal of that the bank's borrowing lending to this sector in the UK.

BY DAVID BUCHAN IN BRUSSELS THE 12-nation European Community will let the six members of the European Free Trade Association participate in its imports of EC goods evalued those of the US and Japan community

De Clercq gives warning to Efta

THE 12-nation European Com-munity will let the six members mext Tuesday. Mr de Clercq acknowledged

Efta states. ket, but not at the price of slowing EC integration or of neglecting the Interest of poorer EC members.

Mr Willy de Clercq. EC external affairs commissioner days

the EC market and fesrs by southern FC members that their interests might be overlooked in reaching accords with richer

The EC welcomed Efta efforts to approximate their laws to those of the Community, but they would still have to reach Mr Willy de Clercq. EC external affairs commissioner, gave this warning in advance of a key EC-Efta ministerial meeting they could get a "free ride" into by prior agreements

# MR RUPERT MURDOCH, chief channel, to Astra and use the

A study is being carried out on the feasibility of the project and Mr Murdoch is enthusiastic about the concept.

"Eventually we would want a service that is European rather than British or French, pro-duced simultaneously in differ-ent languages," said Mr Mur-

networks. Mr Murdoch said he planned

executive of News Corporation, is looking at the possibility of launching a satellite television news channel for Europe to compete with Mr Ted Turner's

He confirmed that, subject to negotiations on price, he was planning to put up to three television channels oo Astra, a medlum power satellite designed to deliver television programmes to dishes on indi-vidual homes as well as cable

Mr Murdoch said he planned continuing belief in European to transfer Sky, his existing satellite televisioo despite Sky's general entertainment aatellite initial losses.

satellite to transmit Eurosport, SOVIET citizens who travel or the new European sports chan-nel being created by News International and a consortium of Europe's broadcasting organ-isations, including the BBC. work abroad are to lose the right to exchange their foreign earnings for hard currency cou-pons used to buy luxury goods in special shops.

The Soviet authorities "It is conceivable that the announced yesterday that they Astra satellite will be picked up are to phase out the coupons by July 1, ending what they

all over England on a 60cm dish, and in quite large parts Murdoch during an Interview Ir New York earlier this week.

nomenon. Instead, hard cur-rency will be exchanged for roubles at the official exchange rate or may be kept in foreign currency accounts at the State Bank for Foreign Economic Affairs (Vnesheconombank) for use on trips abroad. The move, which had been the venture through his 20 per cent stake in Pearson, one of

rumoured for some time, has led to a wave of panic buying at the special hard currency beriozka stores in Moscow, which sell Western consumer gooda, foodstuffs and liquor unavailable in ordinary shops. The youth newspaper Komsomolskaya Pravda yesterday

carried s mocking article about lengthy queues of shoppers des-perate to unload their stock of coupons. It quoted the manager of one of Moscow's biggest hard currency shops as saying that ohoppers were "buying things that no one has ever bought before or wanted to buy," from cheap French perfume and soap to three-piece auits.

The head of the local foreign currency shops association told the daily that trade had increased fivefold in the last quarter and that shops were having to stay open for up to two hours longer in the evenings to cope with demand. He added that the police had been called lo to control queues.

The official Tass news agency reported that legal holders of

FINANCIAL TIMES

The prosecutor deranded eight months at Wednesday's trial and Mr Schnuer, who had called for an acquittal, described the lower sentence as a aign "that one can still be hopeful". Rome finance bill suffers fresh setback By David Lone in Milan MR Giovanni Goria's coalition government can into further

of Deputies, where the 1988 Finance Bill is being debated. A Communist amendment to one of the bill's articles was carried by 286 to 217 in a secret vote. The amendment cancels a proposed increase in the rate of withheld tax on bank and post office deposits. The government had planned to raise the tax rate from 25 to 30 per cent and this increase had already been put into effect from 1 January with the publi-

difficulties on Wednesday even-ing when it suffered another

defeat in the Italian Chambe

cation of a decree law.

The measure aimed to obtain L3,750bn (\$1.7bn) of additional revenue, though some experts consider that a more likely yield would have been about L2,000bn. Given the size of the majority against the measure, is is widely believed that members of Mr Goria's own Christian Democrat Party were among those who used the cover of the secret vote to

IF THE PENTAGON goes ahead France. It would enable Thomwith its decision to approve the son and TI to collaborate on the exchange of sophisticated rsdar development of a low-cost technology between Texas radar for the smbilious French Instruments of the US and advanced combat aircraft pro-Thomson CSF of France, it will gramme, Rafale, which is due to mark a turning point in US pol-

icy on technology transfers.

It not only implies a significant shift in Washington's traditional hostility to any transfer of sensitive US defence technology, but it would also be likely to open the way to increasing collaboration between US and European defence industries on major defence programmes. The fact that the Pentagon appears to be moving in support of the TI-Thomson technology swap at the same time as CoCom is holding a high-level meeting at Versailles is more of the project led by Dassault-than a coincidence.

Washington had been pressBreguel, the French military aircraft manufacturer, and

15 nation CoCom organisation Thomson group and the state to atrengthen the restrictions Specma sero-engine maker. and policing of sensitive technology sales to the Eastern part, have been seeking to disbloc. In exchange, Washington has shown willingness to going ahead with their indepen-rationalise the overall CoCom dent new generation fighter airlist of banned products to the craft projects. But in the light Soviet bloc and ease existing of the apparent failure of this restrictions on US technology transfers to the West.

Americans have looked for

West Germany, Italy and Spain as a rival to the Rafale.

Mr Dennis Kloske, the US
Deputy Undersecretary of include a ban on exports. In Defence for planning and such circumstances, it might resources, who has been apear-heading the radar technology Government. These conditions are clearly

Mr Kloske is now due to lead

for the eventual transfer of other sensitive technologies to US allies. Mr Kloske Indicated thia week that the decision on the Tl-Thomson transfer underlined America's great interest in co-operation with its allies in the aerospace sector. For Thomson, the decision is

#### **OVERSEAS NEWS**

#### S African television 'witness' murdered

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THE MYSTERIOUS murder of an 18-year-old black youth in Soweto has given a new and violent twist to the row between the South African Government and CBS, the American television station elevision station.
CBS is currently awaiting a

CBS is currently awaiting a decision on its future in the country after government protests against the controversial programme called "Children of Apartheid" which was made clandestinely last year.

The murdered youth, Sicelo Godfrey Dhlomo, who was shot in the head half a mile from his home, appeared on the pro-

In the need has a more from ma-home, appeared on the pro-gramme, which also featured President P.W. Botha's daugh-ter Roxanne. He claimed that he had been tortured by police in detention and feared for his

life.

Last week, the youth, who worked for the Detainess' Parents Support Committee was picked up by police and interrogated at John Vorster Square police station. After his murder the police issued a statement saying that after interrogation he had made a sworn affidavit which accused CBS of having instructed him what to say on camera.

"He was interviewed by a certain news agency director who instructed him to tell, into cam-era, how and when he had been detained and to say that he was manhandled and beaten. He said he then started to talk and told what had been dictated to

him," the police statement said.
The accusation was repeated The accusation was repeated at e by-election meeting on Wednesday night by Mr Adrian Vlok, the Minister of Law and Order, who added that "we were busy with the investigation and hadly wanted the boy to tell the world how he was misused to spread lies about South Africa."

The charges brought a swift rebuttal from New York yester-day as CBS "categorically denied the coaching of inter-"deeply saddened" by Mr. Sice-lo's death and was anxiously awaiting further information.

#### **Review offers** to publish with no advertising

By David Dodwell in Hong Kong THE Far Eastern Economic Review, the Hong Kong based weekly magazine, has offered to publish in Singapore a spe-cial edition carrying no advertising in a bid to resolve a dispute with the Government of Prime Minister Lee Kuan Yew which has led to circulation being limited to 500 copies a week from a normal level of more than 10,000.

The offer comes just a day after a decision to abandon porafter a decision to abandon normal publication of the magazine in Singapore. Until the beginning of 1988, about two thirds of the magazine's weekly print run of 74,000 was printed in Singapore. Printing will revert to Hong Kong.

The Review is the fourth international publication to have its circulation limited following disputes with the Government. Three of the four publications in dispute — the

lications in dispute -Review, Time magazine and the Asian Wall Street Journal - use the same Singapore printer, Times Printers, and there must be questions over financial damage to the group if others were to follow the Review's

Late last year, the Asian Wall Street Journal refused an invi-tation from Mr Lee, while in the midst of its own dispute with the Government, to sell special editions of the newspaper in Singapore that carried no advertising.

The offer was justified by the

Government on the grounds that its aim in restricting circuthat his aim in restricting circulation was to punish the publication by reducing revenues.

The Review aims to print about 10,000 copies of the magnitude of the circulation of the cir

azine in Singapore.

The Review's dispute in Singapore originates from an article published about the arrest of alleged Marxists who had been accused of plotting to overthrow the Singapore Gov-ornment. Mr Lee claimed the article contained accusations which were false, damaging and defamatory.

introduction of its radical tax reform package because of crit-icism that its proposed single-rate tax and changes to family support would leave some

support would leave some lower paid workers worse off.
Prime Minister David Lange, said yesterday the Government now accepted the October 1 introduction date would not allow sufficient time to remove all the anomalies or perfect the details for the proposed minimum family income package which would coincide with the tax cuts.

tax cuts.
The new date for introducing

the new date for introducing the tax reforms is now likely to be April or May next year. At present New Zealand has a three-step tax structure. The

Lange delays tax reform

NEW ZEALAND'S Labour Gov-ornment has had to defer the was expected to be around 25

#### The line of succession is clear but the choices in foreign policy are not, writes Andrew Marshall

# North Korea is left sulking in its solitary tent

NORTH KOREA, the reclusive half of the so-called "hermit kingdom," has retreated further into its shell this week with the annouocement of diplometic sanctions from Japan, the US and the EC.

Ironically, it had seemed last year that the glacial relationship between North Korea and the rest of the world might be thawing. Then, in November, e South Korean airliner disappeared with 115 people on board. The South Koreans alleged that it was blown up by North Korean terrorists, one of whom, Kim Hyn Hee, was captured and interrogated, and they appealed to the world to condemn North Korea.

North Korea is a maverick that the transpections is the more of the condemn North Korea.

North Kores.

North Kores is a maverick state in the international system. Ruled by one man, Kim Il Sung, since 1948, it is diplomatically isolated, its political processes are closed to foreign accusiny and it is aggressive and unpredictable in its conduct. It has been accused of international little practical impact. The duct. It has been accused of numerous acts of international terrorism over the past 30 years, is alleged to have supplied Iran with wespons and last year was placed in default on its international debts.

Punishing the country, in any substantive sense, is virtually impossible, precisely because of its isolation.

The US response to the bombing of the airliner has been to put the nation on its list of countries which sponsor terror-

countries which sponsor terrorism - a kind of stocks set up on the international village green



Kim Jong Il: 'Dear Leader'

As the State Department readily admits, this will have little practical impact. The main casualty is likely to be a UN Development Fund office in

Pyongyang.

Japan, which has more contact with the North than the US, has pitched in with sanctions of its own. These include stricter control of contacts between Japan end North Korea, e ban on all flights between the two countries and restrictions on shipping and victima North Korean sellors

cocktail parties.

Though this was a tiny shift, it was Washington's way of recognising North Korea's growing openness. For some time, visitors have commented on the change of atmosphere in Pyongyang, though it could hardly be said to be Korean The Government has shown a

The Government has shown a surprising willingness to be flexible on key issues involving reunification and dialogue with the US and South Korea over military matters. As a first step, and a symbol of goodwill, it was hoped to find some compromise on sharing some of the events in this year's Olympic Games, which are being held in Seonl.

visiting North Korean sailors.

North Korea has good reason to seek a way out of its isolatries will continue, but it only tion. Since the end of the

Amounts to some \$400m a year.

North Korea has hit back with counter-sanctions, banning contact with US diplomats, barring Americans from entering the country and refusing to negotiate with Washington for the return of the remains of US soldlers killed during the Korean War.

The rupture of US diplomatic contact, and North Korea's moves, mark a turning point of sorts. Egged on by the Chinese, who are keen to ease relations on the peninsula, Washington had decided only last year to allow US diplomats the dubious ploasure of exchanging views with their North Korean opposite numbers at third-country cocktail parties.

Though this was a tiny shift.

Relations with the Soviet Union and China have become more complex with changes of leadership and economic liber-alisation in Moscow and Peking, and a warming of bilateral rela-tions between the two. The North's position appears increasingly marginal, and China in particular has made no secret of its desire to see some limited rapprochement on the

peninsula.

But the slow thsw in Pyongyang has been complicated by what appear to be serious internal disagreements. Kim Il Sung, the Great Leader is now 75, known to be ill, and is unlikely to live much longer. After his death, he will be succeeded by his son, Kim Jong II, who is known as the Dear Leader. Though the succession is

the new leader is not. The prag-matists in the bureaucrecy would like the state to ease its hold over the economy, relax relations with the US and to move towerds some arrange-ment with the South.

ment with the South.

The hardliners, apparently including The Deer Leader, resist this, preferring a state of permanent conflict and isolation to buttress party control. In these circumstances, the best interpretation that can be made. interpretation that can be made is that the destruction of the airilner was a successful attempt by the security apparatus to derail any easing of the
country's relations with the
South and the US.

There is past precedent for this Indeed, to many American diplomats, there is e rather tiresome sense of deja vu. The iast time that a thaw in relations seemed to be on the cards, in 1983, it was abruptly halted by a bomb in Rangoon, alleg-edly planted by the North Koreans, which killed three members of the South Korean

North Koreans held a mass rally yesterday to protest against what the Govern-ment calls US and South Korean military provoca-tion, Reuter writes from

Tokyo.
The official North Korean The official North Korean Central News Agency quoted Choe Tae-Bok, secre-tery of the ruling Workers (Communist) Party, as con-demning "Team Spirit 88", a joint South Korean-US military exercise, as an open declaration of North-South declaration of North-South confrontation. About 200,000 American and South Korean troops will take part in the 10-week annual manoenwres, billed as the largest military exercise in the non-Communist world, a spokesman for the com bined forces command in Seoul said yesterday.

to the old rhetoric of confrontation and veiled threat.
It is notable that both China members of the South Korean cabinet.

The events of the past two and the Soviet Union are still and the Soviet Union are still set on going to the Olympics, an months must also be of particular frustration to the Chinese, visible embarrassment to the who were the main sponsor of North. Both of its major allies improved relations between will be present at what will be, Washington and Pyoogyang. In effect, a shop window for Relations between China and North Korea are already companied to the Soviet Union are still and the Soviet Union are still and the Soviet Union are still and the Soviet Union are still are soviet. North Korea are already complicated by Pyongyang's the desire to make some display renewed friendship with the solution. This incident will further test Chinese patience.

Pyongyang has now returned to sulk in their tents.

alrearope to

#### PLO takes aim at rival radio

A CLANDESTINE radio station widely listened to in the occu-pied territorloe has been denounced by the Palestine Lib-oration Organisation for creat-ing divisions among Palestin-

ing divisions among Falestinians by broadcasting the names of people said to be collaborating with Israel.

The denunciation, broadcast from Baghdad by the PLO's official radio earlier this week, collected with freeh by dence coincides with fresh evidence that the new radio – calling itself Radio El Quds – is being backed by Syria.

backed by Syria.

Radio El Quds earller this week broadcast a message of support for the intifadah, the uprising, from Mr Ahmad Jibril, leader of the Syrian-backed Popular Front for the Liberation of Palestine-General Command, the PFLP-GC. Israeli intelligence has concluded recently that its broadcasts are coming either from the Syrian-controlled Bekaa region of Lebanon, or else from Damascus itself — making it harder to be put out of action.

For the PLO's Voice of the Palestinian Revolution, in Baghdad, its message to its listeners was "to guard against such sus-

was "to guard against such sus-pect radios" said to be seeking to don Palestinian cloth. By naming "enemy agents" within Palestinian ranks, what the upstart station was doing was to damage the continuous mon front recently forged in

#### Sihanouk worries **Peking**

PRINCE Norodom Sihanouk, the Kampuchean resistance coalition loader, was greeted here yesterday by a Chinese Government seri-

ously concorned at the peace talks he is conducting with officials of the Viet-namese-backed regime in

namese-backed regime in Kampuchea.
On his arrival, the unpredictable Princo asid the talks with Hun Sen, the regime's Premier, have a "50 per cent chance" of success, though he denied reports that he was willing to dump his senior coalition partners, the Khmer Rouge.
Peking has particularly close relations with the Khmer Rouge, which it assisted during the murderous rule of Pol Pot, and officials here are known to be worsied by the prospect of worried by the prospect of the Prince reaching an agreement that would lessen the Khmer Rouge

role in the coalition The Chinese are consible until Hanoi withdraws its troops from Kampucl The Prince said the Vietto negotiate a solution, though he characterised them as tricky.

The Chinese need the

Prince because he gives international credibility to the coalition, which they support with arms and money. That credibility is already clouded by the membership of the Khmer Rouge and the continuing influence of Pol Pot.

Prince Sihanouk has long been uneasy about the pres-ence of the Khmer Rouge, the most powerful of the coalition's three military forces, and has occasionally described its leadors as

described its leadors as "psychopaths".

He is expected to meet Zhao Ziyang, the Communist Party chief, on Monday, and then is likely to visit the North Korean capital, Pyongyang, where the third round of talks with Hun Sen is expected to be held. is expected to be held.

#### Japanese output up

Japan's industrial produc-tion index for December showed a 8.6 per cent rise compared to the same month the previous year, Caria Rapoport reports from Tokyo. The index climbed to 133.5 against 100 in 1980. According to the Government, the growth came from increased output of electric machinery, metal products machinery, metal products and transport machinery.

per cent. Union leaders, churchmen

and welfare organisations have eited examples showing how some lower income families

could, in fact, have a lower net income under the proposed

Tho tax reform package announced just before Christmas was hailed by Mr Roger Douglas, the Finance Minister, as being a "world first".

Government opponents were claiming last night the fact that Mr Lange made yesterday's announcement at a time when Mr Douglas is overseas indi-

announcement at a time when Mr Douglas is overseas indi

cates opposition to Mr Donglas free market economic theories within the cabinet and party.



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THE FIRST AIRLINE FOR EUROPE

#### **Bush faces** renewed attack over arms deal

By Stewart Fleming, US Editor, in Washington

SEVERAL OF the leading can-adidates for the Democratic Party's Presidential nomination turned their fire away from each other yesterday and in the direction of Vice-President George Bush, the front-running Republican.

Republican.
They charged that Mr Bush had atill not answered key questions about his role in the Iran/Contra arms scandal.
They were joined by Mr Lee Hamilton, a Democratic Representative and the chairman of the Hamilton and the chairman of the chairman of

the House committee which investigated the Iran/contra scandal, who said "the position of the Vice-President remains unclear with respect to the sale of arms to Iran and until it is clear I think it will continue to

In an angry confrontation on US television on Monday night Mr Bush sought to put the issue of his involvment in the Iran contra affair behind him and to demonstrate that he is a tougher politican than many Americans believe by rounding on Mr Dan Rather, the CBS television anchorman, and accusing him and the TV network of distorting his record .

The encounter is widely seen to have helped improve Mr Bush's image among Republican

But yesterday Senator Albert Gore, Senator Paul Simon and former Senator Gary Hart, all took aim at Mr Bush and auggested that the Vice-President is not going to find it easy to stem the continuing flow of questions about the decisions e took on the Iran/Contra

#### **US** criticises Brazil on arms

THE US yesterday criticised theBrazilian Foreign Minister, Mr Roberto Abreu Sodre, for suggesting there was no harm in Brazii selling billions of dol-lars of weapons to Libyan leader Muammer Gadaffi, Renter reports from Washington.

The State Department said it Tuesday that the sales could go ahead because they involved arms that were purely defen-

# Contras propose power-sharing in Nicaragua

yesterday proposed a power-sharing arrangement between opposition parties and the San-dinista government.

As talks began with Sandinista representatives in Costa Rica they put forward a plan for an Interim government of national reconcillation which would initially exclude Contra military and civil leaders.

The Sandinistas have Insisted that the talks are the Contral

that the talks, on the Central American peace plan, should be limited at first to a ceasefire. The Contras, backed by the Reagan Administration, argue that this cannot be separated from policies reform. from political reform.

The talks come one week before the US Congress votes

on President Reagan's sharply scaled-down request for \$36m of mainly non-lethal aid for the Contras. The vote is expected to be close because many Demo-crats believe more Contra aid could torpedo the regional

The Contra proposal calls for any military aid approved by Congress to be placed in escrow for 30 days. The Reagan plan in

THE Nicaraguan Contra rebels says that the military aid portion - \$3.6m - should be placed in escrow until March 31, one

month longer.
Congress votes on the proposal on February 8 and 4. The White House has acknowledged it will be a "very difficult fight", with some 30 floating votes in the House determining the outcome. The package needs approval by both cham-

House Democrats vesterday package is defeated, they could put forward an alternative comprised exclusively of humanitarian aid such as food

The package appears aimed at wavering Democrats who would like to vote against President Reagan, but who do not want to be accused of abandoning the Contras.

President Reagan - also aim-

ing at floating votes in the House – pledged this week to consult the governments of Costs Rica, El Salvador, Hondu-ras and Guatemala on Nicaraguan compliance with the ceasefire before releasing the

#### Brazil acts to curb civil service salaries bill

BRAZIL is to announce radical Pereira, Mr Nobregs's predeces measures to reduce the salary sor, implicitly blamed President

bill of its federal civil service and state companies. and restricting pay rises to the armed forces.

inflation rate Earlier this week Mr Mailson da Nobrega, the Finance Minis-ter, met colleagues from five spending ministries to hammer

out the wages policy.
Officials have been alarmed at statistics that showed sala-ries in public sector companies rose by 20 percentage points more than inflation last year. State corporations were responsible for the lion's share of the public sector deficit that ended 1987 at 5.4 per cent of gross domestic product, up from the 3.5 per cent originally forecast.

Jose Sarney for undermining his fight against Inflation by Among steps under consider-authorising big pay rises for ation are a ban on recruitment Banco do Brasil staff and the

The problem for any Brazilian finance minister is that the nitimate arbiter on public sector pay remains the President. As last year, however, Mr Sarney has again promised firm backing to the new pay and recruit-In a symbolic gesture, the

president is understood to have ordered that up to 200 jobs in his Planalto Palace executive offices must be axed.

However, resistance to con trols is likely to persist. Mr Almir Pazzianotto, the Labour Previous efforts to control Minister, is reported to be the government's wage bill already opposing plans to have only been partially successful. Mr Luis Carlos Bresser state sector.

#### Colombian public back drug gang crackdown

COLOMBIA'S liberal govern-ment of President Virgilio Barco has won strong support for its draconian measures to combat terrorism and break the combat terrorism and break the stranglehold of the drug mafia. The new lnws were triggered by the assassination of Mr Carlos Mauro Hoyos, the Attorney General, on Monday. Drug barons admitted responsibility for the killing. The drug gangs are fighting the extradition of Colombians on narrotics charges to ombians on narcotics charges to

the US.

The murder – near Medellin home of the drug cartel which controls more than 70 per cent of cocaine supplied to the US has caused a huge outpouring
of national grief. In this atmosphere the measures have won support more to relieve a sense of outrage than through a genn-ine belief in their effectiveness. The laws include tougher punishments for acts of terror

ism, payments for individuals who provide information and the commuting of sentences in return for information.

In addition, sweeping powers have been given to the security forces to detain people incommunicado. The judiciary is to be increased by almost 5,000 officials of the property of the security cials, national service is to be extended to two years and con-trols tightened on private air-craft, especially helicopters.

#### Canadian court strikes down abortion law

CANADA'S Supreme Court ruled yesterday that the country's restrictive abortion law unconstitutionally interferes with a woman's right to control her own body, AP reports In a 5-2 decision after 16 months of deliberation, the court said the current law, which permits only "therapeutic" abortions approved by bos-pital committees, violates the fundamental justice guaranteed in the constitution.

The court said the lsw violates the Charter of Rights and Freedoms enacted in 1982. Many areas, including the province of Prince Edward Island, have no hospitals authorised for abortions. The ruling mirrors the 1973 US Supreme Court decision stri-king down the US law restrict-

# Bankers are weighing up the swap terms. Alex Nicoll reports

# Mexico's high stakes debt offer

ces nor a definitive solution to Mexico's foreign debt burden, says Mr Jesus Silva Herzog, the former Finance accustomed to making presenta-tions to sceptical bankers. His attempt this morning to per-suade British banks to partici-pate in the country's debt exchange offer will be no

They will excuse him for being a little bleary-eyed. In the past week, he and Mr Gonzalo de las Heras, the Morgan Guaranty Trust executive responsible for Latin America, heve travelled from the US to Japan, on to several Continental cities and finally to London in their quest for bankers' support for the plan batched jointly by Mexico and the US bank.

Since it was announced in December – it is due to come to December – it is due to come to fruition at an auction on February 19 – debtor and creditors have been behaving like e couple of rug-dealers: each trying to talk the price down or up, and each trying to give the impression that they are not too concerned about the ont-

They are. Success, though it would mark an important step forward in the handling of the five-year-old debt crisis, would ilso set e trend for bigger bank osses. It would be n domestic political triumph for Mexico's financial managers. Failure could seriously exacerbate con-frontation between Latin Amerborrowers would say, would be rejecting constructive and co-operative solutions to the debt problem.

problem.

The auction will be a genuine cliff-hanger: nobody can yet tell how it will go.

Mexico is offering up to

\$10bn of 20-year boads on which repayments of principal but not interest are collateral-ised by US government securi-ties which Mexico will hold. To get them, banks must tender existing pubic sector loans at below face value. The more old debt you tender per dollar of new bonds, the bigher your chances of an accepted bid and the bigger your write-off.

The new bonds, though of lower face value, are de to be more attractive than the existing loans because they are partly collateralised and carry a doubled 1% per cent margin over money market rates. As "exit" bonds, they will excuse the holders from participation in future "forced" loans for Mexico. In theory, they would

also be immune from reschedul-ing. Mexico stresses that It has consistently serviced its Euro-bonds while rescheduling bank

Minister, writes our Correspondent in Mexico City.

The bonds "constitute a positive step" but the savings to Mexico would not be as large as thought, and the problem of servicing Mexico'e debt could worsen as interest rates

will likely rise and prices for raw materials fall, he said.

concerns are:

Will Mexico draw down the might believe 60 cents was rest of its \$5.5bn bank loan of worthwhile provided that the which \$1.2bn is still available new bonds themselves did not (the total was scaled down from \$7.7bn)?

from \$7.7bn)?
Somn bankers are incensed Somn bankers are inceased that Mexico could use their money to finance a scheme which not only involves lending it to the US Government (buying the Tressury bonds to be used as collateral) but also means new losses for banks

which participate.
They would like Mexico to undertake not to draw the money before they agree to give a waiver which is necessary for the auction to go shead. Most bankers, however, do expect the waiver to be granted without trouble by banks holding
the required 50 per cent of each
existing loan.

• Why does Mexico discriminate between dollar loans and
those in other currentee?

those in other currencies?

The bid form for the auction says a bank may not tender non-dollar loans unless it also tenders all its dollar loans, and that bids tendering non-dollar loans may not be more aggres-

sive than for dollar loans.

• Will the new bonds be eligible for Mexico's debt-equity, swap scheme when this is More central is a question

which will not be answered at today's meeting. What prices will Mexico accept? Bankers calculate that Mexico makes no savings at all unless the old debt exchanged is valued at less than 76 cents on the dollar. Mexico clearly expects bids which put a far lower value on the loans. Indeed, Mr Gurria

Bankers, however, have ques- around 60 cents. This, many that "because the secondary its loans

tions about principles and say is a level at which some about the suction. And even if banks will bid and at which those are resolved, many have Mexico will probably accept serious doubts about whether it bids. Clearly, some banks will is worth their while to bid and whether other banks will bid at wider discounts to face

whether other banks will bid in value.
sufficient numbers and At 60 cents, Mexico would amounts for Mexico to retire a make net annual foreign significant amount of debt.

Among bankers' immediate over \$390m if the full \$100m of concerns are:



Garria: widely travelled

fall to a price less than 80 per cent of face value. If the price cent of face value. If the price were to fall lower, banks which wanted to exchange existing loans would be better off attempting to sell them for cash on the secondary market.

The bonds will fall to a discount because interest payments are Mexican risk even though the principal is collateralised, and interest accounts for the bulk of the income from the bonds. Analysis at Salomon

the bulk of the income from the bonds. Analysis at Salomon Brothers argue that to be competitive with US corporate junk bonds, the Mexican bonds would need to trade at yields above 18 per cent, equivalent to a price of just 52 cents.

The Salomon analysis say the bonds, would sponen only to a

himself has indicated that the secondary market price of 50 cents should be seen as a ceiling rather than as a floor.

Despite this, bankers generally believe that the two sides could find a meeting point at around 60 cents. This many that the county than existing loops and that the county to a secondary market price of 50 cents should be seen as a ceiling of Mexican risk, and not to non-bank buyers at all unless they trade at high yields. They say the bonds will appeal only to a secondary market price of 50 cents should appeal only to a secondary market price of 50 cents should be seen as a ceiling of Mexican risk, and not to non-bank buyers at all unless they trade at high yields. They say the bonds will appeal only to a secondary market price of 50 cents should be seen as a ceiling of Mexican risk, and not to non-bank buyers at all unless they trade at high yields. They say the bonds will at the two sides are they trade at high yields. They have been considered that the two sides are they trade at high yields. They have been considered that the two sides are they trade at high yields. They have been considered that the two sides are they trade at high yields. They have been considered that the two sides are they trade at high yields. They have been considered that the two sides are they trade at high yields. They have been considered that the two sides are they trade at high yields. They have been considered that the two sides are they a

longer in a situation of ultima-

Japan and the fast-growing developing countries of Asia. These latter countries "can't throw tens of billions of goods

on to the markets of the US and

on to the markets of the US and EC and refuse to respect the rules – on intellectual property, for instance, or on counterfeit." Japan had announced mea-sures to stimulate its economy and open its market, but Mr Noir professed himself still somewhat of a "doubting Thomas".

Thomas."
On so-called screwdriver plants, established by Japan to assemble products in Europe

from cheaply imported compo-nents, he said "we can't accept

such a variety of neo-colonial

As far as Europe was con-cerned, progress along the road to a unified internal market by 1992 was very important in the context of the Urnguay Round. The idea was not an escala-tion of European isolationism and protection. It was carrot—

the offer of a large market to those international trading

That still left the problem of

THE Mexican scheme is an advance but is neither a panais likely to be thin, cash sales of nain the best exit strat egy for banks".

This is even without taking into account differing tax, accounting and regulatory positions which will influence each

bank's decision. A key factor will be the extent to which each bank is already provisioned. it is doubtful whether large aumdonbtful whether large aum-bers of banks have 40 per cent loan loss provisions against their Mexican exposure - the level at which a 60 cent price might make sense. So blds would mean additional provi-sions - or, if bids are successful,

write-offs. Some US regional banks have sharply increased their provisions recently, perhaps 23 2 preinde to bidding aggressively. But the case for bidding when

strongly provisioned is not overwhelming. Banks which have provisioned nevertheless have provisioned nevertheless continue to receive interest income on the full face value. Also very important is what regulators determine the risk of the new bonds to be: a thorny problem because they are a hybrid between US risk on the principal and Mexican risk on the interest. The US authorities, which like the Japanese have generally taken an accomties, which like the Japanese have generally taken an accommodative approach to the offer, have determined that the principal is indeed US risk. The Bank of England has yet to make np its mind. Bankers point out that they could be faced with making new provisions for the new bonds according to the Bank's provisioning ing to the Bank's provisioning

The combination of losses especially those which some banks simply cannot at present afford), new provisions and uncertain secondary market value could dissuade banks from making realistic bids even though they can see that it is very important that the offer succeeds.

Some may make token bids to show willing. Others will make genuine offers as a once-for-all exit move. Most will hope that other banks will put in bids that will allow a significant reduction of Mexico's debt burden, thereby enhancing the value of their existing loans. Banks could even argue that not bidding at all is the best strategy: not only does it avold making an unrealistic bid, but also it represents the ultimate statement of confidence in Mex-ico and the long-term value of

#### WORLD TRADE NEWS

#### Dassault in fighter offer to Indonesia

DASSAULT-BREGUET, the French aeronsutics company, has offered a joint manufactur-ing licence to indonesia to build its Super-Etendard, the light ground-attack fighter which is now out of production in

Mr Serge Dassault, the com-pany president, said in Jakarta yesterday that he had discussed the proposal, under which indonesia would be able to sell the fighter to other countries in the region, with President Suharto and Dr Jusuf Habibie, the Technology Minis-The move by Dassault is part

of a concerted sales drive by the French defence industry in the French defence industry in Indonesia. General Dynamics of the US already has a joint venture agreement, selling its 12 F-16 fighters under offset terms in 1986, a deal worth \$337m. Dassnult was then unsuccessful with its Mirage 2000, despite reportedly offering to cover the full costs under an offset and countertrade deal. Britiab Aerospace with Britiab Aerospace with Rolls-Royce has also stepped in with its Hawk 200, the single-aenter, multirole combat air-

In November, Rolls-Royce algned a co-operation agree-ment with IPTN, the Indenesian aircraft manufacturer, in a bid to improve its chances on the

Mr Jacques Boyon, Prench Secretary of State for Defence, is due in Jakarta next week, heading a large sales team. Paris has its sights set on the new light tank contract, where Atelier de Construction Roanne, a previous supplier to indonesia is likely to be converting. sia, is likely to be competing with the new FMC Mark 5 tank built by Vickers of the UK.

#### Norwegians to boost chemical fleet

Knren Fossil reports from

Odfjell to lift its stake in John-son Line's JO Tankers from 50

# Peter Montagnon interviews a minister with firm views on the Uruguay Round of trade negotiations Gatt talks 'need' special tactics from Europe

gerous to set too much store by age. to reform of the trading system apecific progress at the time of This is very much in keeping itself.

nose."

Mr Noir expressed doubts on this review on two fronts. First, the timing was swkward from a politician who none the less argued in an interview this week that the Uruguay Round of multilateral trade negotiations now under way in Geogra was moving characteristics. tions now under way in Geoeva suggested to ministerlal colwas moving ahead at a satisfactory pace with a good character. was moving ahead at a satisfactory pace with a good chance of reaching a conclusion at the elections. This week he end of next year.

Indicate the produce any major to produce any major to produce any major with the conventional European view that there must be no spend of next year.

reaching a conclusion at the end of next year.

Tall, good-looking, an accomplished oarsman, a keen cellist and chess player, Mr Noir is one of those politicians who can easily appear larger than life. Yet where the Uruguay Round is concerned, he has his feet inagine that it would be good firmly on the ground. A certain firmness will still be necessary to ensure it is a success.

Tall, good-looking, an accomplished oarsman, a keen cellist and chess player, Mr Noir is one of those politicians who can easily appear larger than life. Yet where the Uruguay Round is concerned, he has his feet inagine that it would be good in the worst tactical round negotiations. "Those who imagine that it would be good in the worst tactical round negotiation." The mid-term review could still be a success if it made n convincing declaration of progress in every domain touched by the talks, he said.

The European global

Among the conditions for a said. satisfactory outcome were par-Among the conditions for a satisfactory outcome were parallel progress towards improved Internutional monetary stability and a clear determination on the part of both Japan and the fast growing East Asian developing countries of their willingness to open their markets.

Beyond that it would be dangerous to set too much store by

"INTERNATIONAL TRADE politics is not a ladies' tea party," of progress in the Uruguay says Mr Michel Noir, France's Round, now expected to take Trade Minister. "It is a rugby place in Canada around the end international and you can easily come away with a broken Mr Noir expressed doubts on this review on two fronts. First, farm policy changes because of aharp differ-ences between the European Community, Japan and the US, according to a

US trade expert, "The current rosad of Gntt aegotiations is act likely to produce any major

The European global approach also applied to institutional reforms designed to strengthen the General Agreement on Tariffs and Trade (Gatt), which some trade offi-cials regard as likely to be in the forefront of the review because they are less controver-slal than concrete commitmeets

progress toward liberalisa-tion of agricultural trade," said Mr Robert Paarlberg of the Wellesly College in Mas-

The Reagan Administra-tion'e gool of reaching a global farm trade accord to reduce subsidies by the end of 1988 - known as the early harvest ngreement was unrealistic, he added. Mr Noir said he could see no

objection to the idea of the Gatt

instituting a system of country reviews designed to weed out inappropriate trade policy measures, but he was lukewarm about two proposals from Mr Clayton Yeutter, the US Trade epresentative. He said Mr Yeutter's idea of closer ministerial involvement in the Gatt to give it more polit-

ical clout was all well and good, but ministers should not get in the way of actual negotiations at the official level. He was also sceptical about the notion that the Gatt could introduce some form of binding arbitration into

dures.
"The Gatt functions on the credibility of reciprocal com-mitments," he said. "It would be almost to deny the existence of this, if you said you wanted it

# **Record exports**

SWITZERLAND'S watch indus

The US remained the biggest single market for Swiss watches but the value of exports fell during 1987 to SFr827.8m. If currency rates had remained unchanged, the industry would have shown an increase of 17 per cent.
Other main customers were

try schleved record exports of SFr4.34bn (\$1.8bn) last year, despite the strength of ths

Sales of medium-pricad watches and movements fell "noticeably," according to the Federation of the Swiss Watch Industry, while cheap watches showed e volume increase of 3

# US and the EC over Airbus subsidies had taken n less potentially destructive course followlng the steep decline of the dollar. "The climate has chip to ensure success in the changed a bit and we are no Uruguay Round in Geneva. Argentine plastics sector

Nale against prejudice

In the background, Mr Noir

said he bad detected a distinct improvement in the US attitude

towards trade policy since the stock market crash of last Octo-

ber. "The virtue of this crisis is that it made the US understand

that protectionist measures are

bility was also important.

Even the dispute between the US and the EC over Airbus sub-

to be a tribunal."

of it has to be imported.

Even as the Italian conglomerate, Montedison, announced group in Argentina, where its in Milan this week that It had signed a letter of intent for a exploration, refining and marpolypropylene plant, Royal feeting.

Dutch-Sbell's subsidiary in Chservers here note that Argentina claimed it had President Raul Alfonsin's support month after Argentina and for e similar project.

In both cases, capacity has nomic co-operation agreement.

A SUDDEN spate of overseas been set at 100,000 tonnes n investor interest in Argentina's year, leaving a substantial plastics sector is gathering pace after decades of official indifference and indecision.

Two bids in less than a week officer of Shell Argentina, My.

#### Seoul eases ban on services investment

SOUTH KOREA, caught in SOUTH KOREA, caught in mounting trade disputes with the US, has partially lifted its han on foreign investment in services, Agencies reports from Seoul. Officials said overseas participation in such industries as film-making, advertising and trading agencies would now be allowed. The measure is mainly aimed at avoiding US pressures but we expect further American demands for market-opening," one official said.

Finance Ministry officials said the action would allow foreign businesemen to invest in joint-venture advertising companies as minority shareholders.

Foreign favestment exceeding 50 per cent of equity holdings in joint venture advertising companies would still be banned, officials added. cials added.

The trading sector would be fully opened to foreign investment, but wholly-owned foreign companies or joint ventures in which foreign investors have a controlling share would be banned from import business.

There would be no restriction on joint-venture trading companies in which local partners have the controlling power, they said.

United International Pic-

United International Pictures of the Netherlands, representing the US Paramount and MGM etudios, and Twentieth Century Fox of the US are to epend about \$100,000 (\$55,500) zetting up distributions. actting up distribation offices in Scoul, the offi-

cials went on. The Motion Picture Asso-ciation of America, which has long demanded that Seoul open its film distribu-tion market, was just one of a chorus of voices in the US calling on South Korea to allow in more American goods and services.

goods and services. The US has threatened sanctions if South Korea fails to reduce their trade imbalance by elashing duties on such US products as cigarettes, and importing more US beef and wine, and other farm products. other farm products.

The 1987 US trade deficit with South Korea reached \$10bm, up from \$7.6bm in 1986.

J.O.ODFJELL of Norway has signed an NKr450m (£45m) agreement with Sweden's Johnson Line aimed at upgrading its chemical tanker fleet. The deal would make Odfjell's fleet the third largest in the world,

The agreement also calls for

Tokyo peels the import onion

THE PROCESS of opening the Japanese market to foreign competition has often been compared to that of peeling layers off an onion. The removal of e layer does not solve the problem, it merely reveals another layer.

The latest example of this phenomenon emerged recently in a little noticed decision by the Bank of Japan to soften the terms of a short-term import financing scheme to make it easier for foreign companies to

The move was made in response to representations from the European Commission that foreign-owned import com-panles should have access to funds on rates competitive with those available to Japanese Foreign

has been providing loans through commercial banks at its official discount rate egainst the security of import bills.

It is, in effect, a means of encouraging imports by providing cheap short-term financing, normally four months, and was introduced as part of one of the

country's many programmes to open its markets to imports.

However, the original qualification criteria were so tough that most Japanese subsidiaries of foreign companies could not qualify to use it. For example, a company had to have three moment, however, EC banks wasts of experience importing are not using their allocation to a serious to respect to the continue to raise the allocation as the need arises. At the moment, however, EC banks which EC-based banks have y26bn. Japanese city banks can use about Y310bn EC officials in Tokyo say the continue to raise the allocation as the need arises. years of experience importing are not using their allocation to into Japan, a satisfactory two-year profit record and a low bad-debt ratio.

A Bank of Japan official admitted yesterday that no foreign company had ever used the scheme.

A Bank of Japan official admitted yesterday that no foreign company had ever used the scheme.

Now the Bank has basically eign banks.

those available to Japanese the change in Tokyo say the change is helpful, but they markets makes it impossible for slice 1983, the central bank also hope that the central bank those branches to raise funds will continue to increase the on competitive rates with Japa-

year for imports through foragreed to overlook these crite-ria if the foreign parents of small European companies these companies are of good standing and agree to provide a banks' branches for financing into Japan, but the underdevelwould prefer to use their own

foreign banks' allocation of nese banks. funds under the scheme, The Japanese authorities

# for Swiss watch industry

despite the strength of this Swiss franc. Exports amounted to SFr4.27bn.

In volume terms, exports fell slightly from 60.7m to 59.7m watches, an increase in electronic models failing to offset a decline in mechanical watches.

Hong Kong, Italy, and West

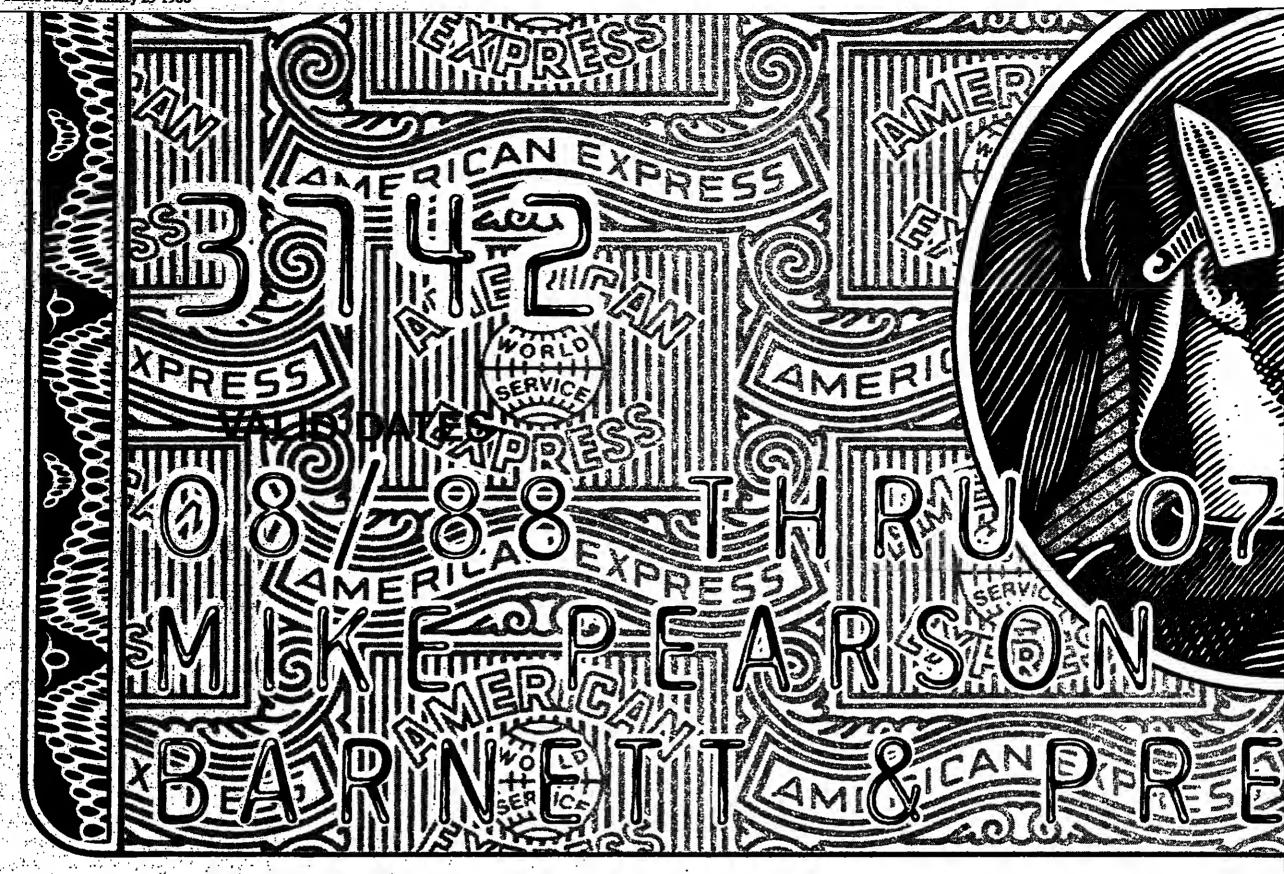
# attracts foreign interest

to build a polypropylene plant Jacques Schraven, estimated in Argentina have prompted after meeting Mr Alfonsin early hopes here that the Government is having some success in project would be about \$120m ment is having some success in its efforts to break with a past where nationalist sentimeat partners from the top line of and an unwieldy bureaucracy the Argentine private sector. However, an oil-based company panc, an oil-based company which is now trying to diversify its interests. Shell'e partners from the top line of the Argentine private sector. Montedison chose Perez Company, an oil-based company which is now trying to diversify its interests. Shell'e partners is the Ipako group, active in Argentine plastics production for the past 30 years.

We have a steel Italian consions marked a new venture for the

eoul ease

ervices 🦼



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# The £1bn cost of an ill-starred excursion

elaborate precautions to prevent a panic when they announced the \$324m loss which Crocker suffered in 1984; Midland set up a \$375m rescue package, and Crocker's tills were heavily manned to ensure that its branches remained orderly. But the news was greeted calmly by retail customers, and there was no sign of

unusually large withdrawals.
But the task was not over. Midland still had to deal with the professional depositors. The danger was that Crocker's troubles would force the US credit rating agencies to downgrade it to a level which would automatically oblige big institutions to withdraw their funds.
Michael Julien, Midland's finance

director, and Frank Cahouet, Crocker's chairman, had calculated that as much as \$4bn might be at risk, so they went to New York and spent eight hours trying to persuade Keefe Bruyette & Woods, the leading bank rating agency, to leave its Crocker rating unchanged.

Julien was particularly worried about Dreyfus, one of the US's largest fund managers, which had \$1bn on deposit with Crocker. Fortunately, Keefe Bruyette preserved its Crocker rating, and Dreyfus remained loyal.

In the end, Midland did not have to use a penny of the \$2bn cash hoard which it had gathered for the emergency. But the precariousness

Carl Reichardt: Chairman

of Wells Fargo, "the McDonalds" of the

Californian banking

business. He made two

secret trips to London to

the bits he did not want.

Today, Crocker has completely disappeared inside Wells Fargo, Later, Reichardt also bought Barclays' California bank,

idiand and Crocker took of its position was underlined by its elaborate precautions to own results for 1984.

These showed a profit of £135m. including the effect of Crocker's \$222m losses. But \$134m of this was the profit which Midland had made by selling Crocker's San Francisco headquarters to raise some quick cash. In other words, Midland had come within \$2m of becoming the first UK clearing bank ever to

make a loss.
For Midland's hard-pressed management at its head office in Poul-try - Sir Donald Barron, the chairman, Geoffrey Taylor, the chief executive, and Julien - the sense of relief at the success of the rescue was enormous. Crocker had ruined two Christmases in a row, with little respite in between, but it was finally under control.

The tidying up operation got under way. Midland bought out the 43 per cent minority shareholders of Crocker, giving it 100 per cent ownership at last. It also embarked on a plan to wind Crocker down and reduce it to the status of a regional

bank in the far west. But this met stiff opposition from Cahouet and his colleagues in San Francisco who wanted to do the exact opposite: rebuild the bank to its former glory. They wanted to establish a merchant banking subsidiary and open branches all round the Pacific rim. Cahouet argued that he had hired a talented team to save Crocker with the promise that they

MIDEAND/CROCKER

THE FINAL CHAPTER

chaliman and chief

executive of Midland

Bank who observed its

travails as Deputy Governor of the Bank of

England. Sir Kit applied

Midland group, and found it a new international partner in the Hongkong

and Shanghal Bank, Paid tribute to his

intensive care. But with Conningham barely on speaking terms with Cahonet because of the tussic over Crocker's future, and with Goldthorpe viewed as a gloom merchant in Poultry, nelther made much headway. Gold-

All through the summer of 1985 the arguing with Cahonet continued until finally he agreed to yield up Crocker's international business but only on condition that he be put in charge of Midland's entire US

integrity).

It also transferred Crocker's Latin American loans on to its own books. The transplant was completed just before Crocker had to report its third quarter earnings on September 30, so it was spared the further write-offs which Goldthorpe and Cunningham knew would be necessary, particularly on Latin America. Cahouet's battle over Crocker

would do great things. Remove

those prospects, he said, and morale would collapse.
Cahouet even objected to a proposal by Midland to relieve Crocker of its Latin American loans because that would make it less of an international bank.

Poultry dithered, but in the end it stuck to its guns for the simple reason that Cahouet's plans were far too costly for Midland when it was already living off its fat. In fury, Crocker's directors went so far as to telephone the Comptroller's Office in Washington one day to complain about Midland in terms replete with the imagery of 1778. the imagery of 1776.

Quite by coincidence Taylor, Brian Goldthorpe (Midland's head of risk management) and Thomas Jefferson Cunningham (Midland's representa-tive on the Crocker board), happened to have an appointment of their own at the Office only hours after the call was made. They realised they might have an ally there when an official jokingly offered to introduce the Crocker directors to officers from Continental Illinois (who had been disbarred from banking after their bank's near collapse the previous year). Taylor also paid a call on Paul Volcker, the Fed chairman., That spring, both Goldthorpe and

Cunningham feared that Poultry would now slacken its efforts to get Crocker straight, while it was obvi-ous to them that the bank was still desperately sick and in need of

thorpe did, however, manage to get a new work-out team sent to San Francisco to take over from the storm-troopers who had sorted out the loan book.

operations.

In a highly technical transaction the banking equivalent of an organ transplant - Midland took billions. of dollars of bad loans out of-Crocker and put them in a new Midland subsidiary called Bracton (named, with deliberate irony, after an English jurist known for his

Hong Kong. During a coffee break he met Paul Hazen, Wells's presi-dent, and they talked in guarded tones about some kind of a deal. fast in San Francisco with Hazen and Reichardt, and broached the possibility of a sale. The response was positive, so Taylor sent over Cunningham, a skilled negotiator, If there were to be a deal, both Midland and Wells agreed it should be quick and quiet to avoid the damage to confidence when a bank is publicly put on the block. Midland might have got a better price by putting Crocker up for auction, but that might also have been the death of Crocker.

The terms Cunningham offered.

in Crocker, satisfing states in 57%. Hovember: US bank regulators clies Crocker's lean book and designed be

her SE Grocker and

**CROCKER** 

earned him the reputation of a

tough customer, and made him many enemies in Midland. But

Julien, who worked closely with him for two years says of the £3.9m he eventually got in bonuses: "He

earned every penny."
Was Crocker finally clean? Mid-land hardly dared ask the question.

But the men in Poultry knew that

having accomplished a restructur-ing of that magnitude they must

now decide whether to march shead

with Crocker - or do what had been

at the back of their minds all along:

Ome of them, particularly Julien, felt that Midland

should keep it now that it

But most of them knew that the

nightmare would only end once

Crocker was gone for ever, so Julien was persuaded that the financial

and management cost of keeping it

was too great. It would have been

like driving a car that had been in a

No one had ever offered to buy

Crocker, But several California

banks had put out feelers to see if branches were for sale. One of them

If Crocker once considered itself

to be the Harrods of California

banking, then Wells was the McDon-alds. Run with ruthless efficiency

by Carl Reichardt, a former real

estate man, Wells provided banking to the masses as if it was fast-food:

quick, cheap and easy. In May 1985, just as Midland was

completing its bny-out of the Crocker minority, Sir Donald Bar-ron, Midland's chairman, was

attending a banking conference in

had crash.

was Wells Fargo.

was finally back in profit.

The terms Cunningham offered were simple: all or nothing. The price was to be Crocker's andited net asset value. Wells said Off

Wells executives in London in December and January at the Shera-ton Hotel in Belgravia - chosen because it was out of the way, and managed by Taylor's son who could be raised on for discretion. In the talks, Crocker was coden-

amed "deer", Wells was "sparrow" and Midland "promto". The Califor-nians flew in on the overnight plane, held their talks, and flew straight back again.
After the outline of a deal was

struck, Julien and Commighem got to work on the details, and gradu-ally the circle of those in the know began to widen as lawyers and investment bankers were brought The announcement was set for

February 7. At 10pm the previous evening San Francisco time, Wells began to brief its staff, and in no time the news fisshed around the world. It was then 6am in London where Julian was still negotiating the final bax details. But it was a fait secompli. After

six and a half years of hell, Midland owned Crocker no more. Wells had agreed to pay \$1.1bn.

which was the value at which Midland carried Crocker on its books But owing to differences in UK and US accounting practices, this was more than Crocker was worth in US terms. So Midiand Telt it had secured a good price.

It was not true, though, as some that it had got its money back. The sale price had certainly recouped the cash cost of acquiring and \$820m and \$250m).

\$324m loss Two secret meetings then took of writing down the loans transplace between top Midland and ferred to Bracton (\$160m) or the further provisions which Midland has since had to make for Crocker's Latin American loans (\$600m). And then there was the opportunity cost

of its huge investment over those years, amounting to some \$700m, and the unquantifiable cost in management time and effort. In round figures, Midland's total less from its ill-starred excursion to the New World must have approached £1bn. Whereas it took the US authorities 14 months to approve the purchase of Crocker, they were so thinkful to see the back of Midland after all the

trouble that they approved the sale in only a mouth. In his final word on the subject, Barron told Midland shareholders that Crocker would never have achieved the necessary market share in California "even with Midland's foll backing.

with Midland's full backing.

True to form, Wells wasted no time in knocking its purchise into shape. Reichardt immediately satised 1,600 of Crocker's people; and all but two of its senior of its se

Crocker's name soon vanished from its branches to be replaced by Wells Fargo. Today, barely a trace. of it remains. "Crocker has gone," says a Midland man. "But it would have gone by itself."

Crocker has even been grased

from Midland's chronicles. A new history of Midland puraments and howl. Like all good urame, a year deliberately stops in the late and howl. Like all good urame, a 1970s because memories of the was also cathartic, and to that crocker trains are still too wivid to extent Midland may have done others. history of Midland published last

Midland, too, is barely recognisa-ble. Sir Doneld Barron and Geoffrey Taylor have retired, to be succeeded

jointly by Sir Kit McMahon who had observed Midland's travails from his vantage point as Deputy Gover-nor of the Bank of England. He paid tribute to their "courage and stead-

\$24m+

er: Michael takes \$3.600 of LDC

Michael Julien left in July 1986 to help start up Eurotumel, and later moved on to Guinness. John Harris joined Great Universal Stores. Frank Cahouet is now putting amother problem bank straight, Mel-

Tom Wilcox has retired to Long Island. A vigorous 71-year-old, he still believes that the whole Crocker crisis would never have happened if he and Malcolm Wilcox had been five years younger, and done it their way. Mike Patriarca left the Comptrol-

ler's Office to join the Federal Home Loan Bank Board in San Francisco. Of the key players, only Brian Goldthorpe is still at Midland, where he rous the domestic banking division, and Jefferson Commingham remains an adviser in New York.

Management experts will pore tong and hard over Midland and Crocker, and conclude that Midland was panicked into making a purchase which it was hopelessly ill-

equipped to handle.
Its greatest error was in handing \$500m to someone it could neither understand nor control. But after that, Grocker became like a Greek tragedy, working its way towards a fateful conclusion while the protagonists could only wring their hands

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England in charge of banking supervision. He

to see Crocker for

travelled to San Francisco

himself. The bank was in

US bank regulators, but was powerless to do much at the London end

effort and guard against a

except encourage Midland in its rescue

Gwen Batchelor, Senior Manager, treasury management consultancy, Price Waterhouse Arun Aggarwal, Senior Manager, treasury management consultancy, Price Waterhouse Chris Taylor, Manager, Banking and Treasury Control, Price Waterhouse

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NOTICE IS HEREBY GIVEN that, pursuant to the Bond Service Agreement dated as of February 15, 1975 made between United Mexican States and Chemical Bank New York Trust Company, as Authenticating Agent, Manifecturers Hancer Trust Company, as Registrar, The Chase Manhattan Bank, N.A., as Fiscal Agent, \$2,014,000 principal amount of the above described Bonds are hereby called for redemption on February 15, 1988 through the operation of the Sinking Fund at the principal amount thereof and accrued interest to the redemption date. The Bonds to be redemmed which have been drawn by lot by Manufacturers Hanover Trust Company, Registrar, are as follows:

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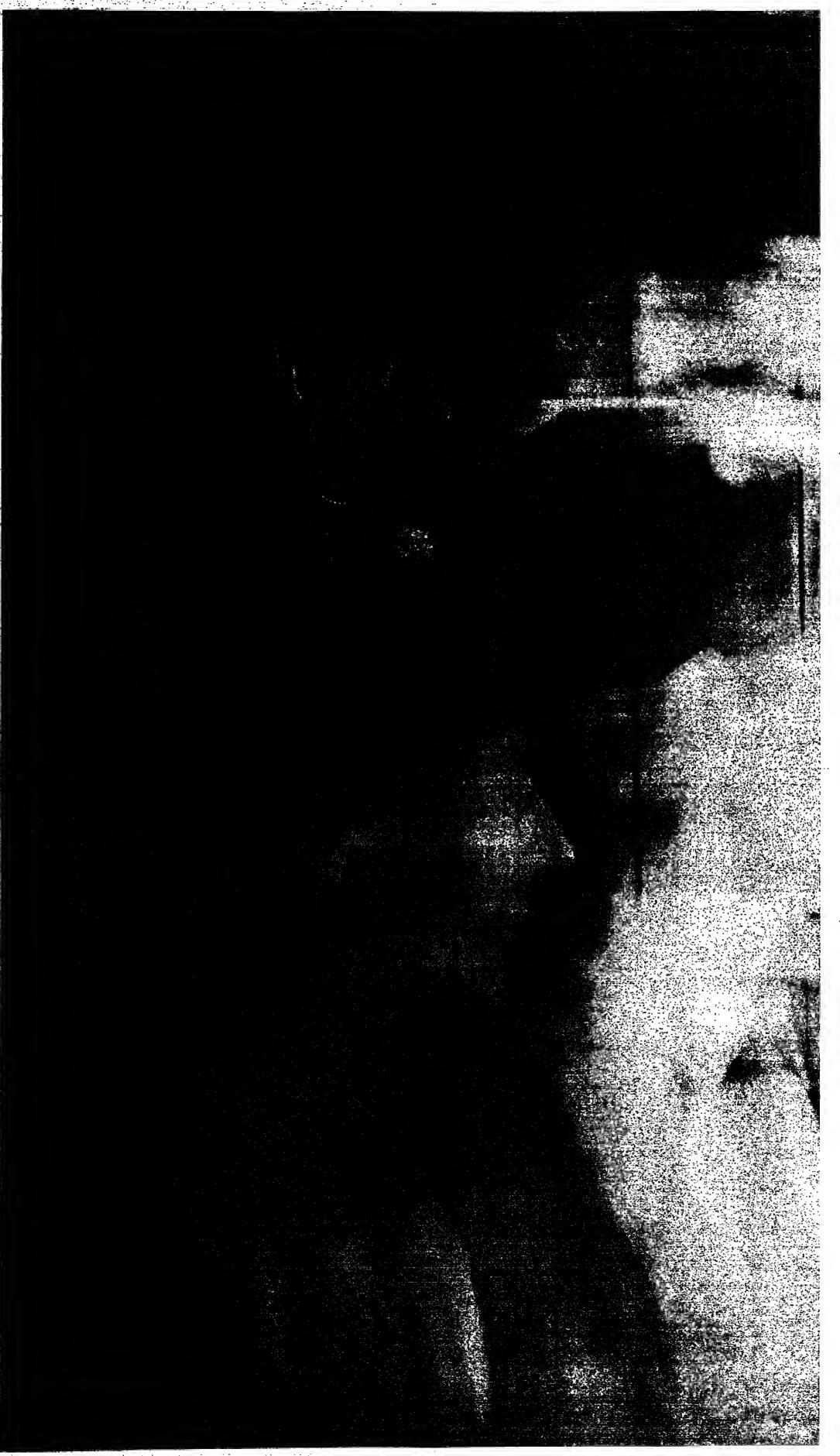
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Interest on the bonds or portions thereof to be so redeemed should be surrendered for payment at the offices of the Fiscal Agent, The Chase Manhattan Bank, N.A., Corporate Bond Redemptions, P.O. Box 2020, 14th Floor, One New York Plaza, New York, New York 10015, or at the principal offices of the Fiscal Agent in London, England, Paria, France, Milan, Italy, Frankfurt, Germany, Zurich, Switzerland, and Beirut, Lebanon accompanied in the case of coupon bonds by the August 15, 1988 and subsequent coupons attached. The February 15, 1988 coupons abould be detached and presented for payment in the usual manner. Upon surrander of a fully registered Bond a portion of which is to be redeemed a new Bond or Bonds in the aggregate principal amount of the unredeemed portion shall be issued in the name of the holder of such surrendered Bond.

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# Right formula – wrong answer

Clive Cookson explains why oil companies still see a future for petrol additives

tives for petrol, despite the much publicised demise of Formula Shell, according to technical experts in the oil and motor industries.

Shell announced this week that it was no longer putting its Formula Shell "additive pack" into leaded petrol, because it could damage car engines in certain rare circumstances. But Peter Barlow, a technical manager with Shell UK, emphasises: "We see additive technology as being very important for our future and we remain committed to Formula Shell for unleaded petrol, the 'fuel of the future'."

"We're not going to take the opportunity to knock Shell," says an executive with a competing company. "The industry generally will be feeling for them." The major oil companies are spending tens of millions of dollars a year on research to develop additives that distinguish one brand from another, and they will not let the withdrawal of Formula Shell discourage them.

The growing emphasis on additives does not just reflect the wish of marketing depart-ments to establish brand loyalty and counteract the widespread belief that all petrol companies really sell an identical smelly liquid. There is also a good technical justifica-

As car engines become more complicated - partly because they have to meet increasmoving parts. (A modern more problems in Britain add some form of cleaning Meanwhile, Esso is continu-

are liable to lay down carbonised deposits inside the car-burettor and inlet valves.) So engines rely increasingly on detergent-like additives in the petrol to remove dirt as it

builds up. Formula Shell - the outcome of a £40m research, development and promotional campaign – was launched in May 1986 with two new additives. One was an improved detergent to keep the engine clean. The other more novel ingredient was a potassium compound called a spark aider, which gave the engine a more constant ignition and therefore made the car drive more smoothly, particularly in the cold. The spark aider worked by altering the surface of the spark plug electrodes and reducing the resistance to the passage of the

It was an excellent concept but sadly for Shell the for-mula was not quite right. The damage caused by Formula. Shell showed up first in Scotland when Vauxhall cars run by Fife police began to suffer

from sticking engine valves. Vauxhall Motors alerted its dealers and fleet owners and discovered that about 400 Cavaliers and Astras had been affected. Vauxhall spokesman Ken Moyes says their valves "became coated with a kind of varnish." This led to burning around the valve seats. Shell and Vaux-hall agreed to share the costs

THE OIL companies will go on engine recycles partially since last year when its comincreasing the research effort burned gases, which contain position was changed slightly.

But it has damaged valves in Volvo and Volkswagen engines in Scandinavia. On the first report of trou-

ble, Shell set its scientists to work investigating what was to them a mystery. Barlow says they managed to reproduce the damage in a test car the sing lots of cars doing by "having lots of cars doing a police driving cycle up and down motorways." The scien-tists do not yet understand the exact cause of the prob-lem, although they know that it results from "antagonism" between the spark aider and the anti-knock chemicals in leaded petrol.

Shell has withdrawn leaded Formula Shell partly because it could again cause valve problems in "certain rare circumstances." But the decision was made mainly to protect the company's image in the face of an impending public relations disaster.

John Wood, chief engineer of the Royal Automobile Club, sympathises with the Shell scientists "who set out to pioneer an approach I'm sure we'll see more of." RAC experts acted as independent observers of Formula Shell's road trials, which involved driving 400 different cars over 4m miles. These showed a "statistically significant" improvement in the cars'

overall performance, he says. Shell is naturally reticent about its next step. "We've had to react pretty quickly to the research results about valve problems and it's obvi-



agent to its leaded petrol if it ing to promote the virtues of is to keep pace with its competitors, and it seems likely in the UK last May, on the that the company will persebasis that it incorporates new ingly stringent pollution conof repairing the damaged
trols – they become more vulnerable to deposits of dirt
that build up around their

The damaged of the damaged of the damaged outly taking us a bit of time petitors, and it seems likely to get organised, Peter Barlow says. However, industry vere with the cleaning agent
that build up around their

The damaged outly taking us a bit of time petitors, and it seems likely to get organised. Peter Barlow says. However, industry vere with the cleaning agent
experts say Shell will have to used in Formula Shell.

Bobert Watson, Esso's spokesman, says the leading oil companies are bound to devote more resources to improving the quality of their product, since "the demands of the consumer are increasing the whole time." And improving petrol means devel oping better additives.

additives which stop dirt

John Wood of the RAC agrees. But he says faster progress would be made if the oil and motor industries worked more closely together.
"In the future we need a
wider 'systems' approach where the engine and fuel are designed together, instead of matching them up after-

# **Edited by Geoffrey Charlish**

#### Chip makers face miniature biockade

RESEARCH WORKERS at Cologne University have some bad news for "chip" developers. They have shown that as a piece of metal is reduced in size, its electrical conductivity reduces until the point is reached at which its con-

duction stops.

Normally the effect is of little consequence, even in the latest chips, because the pieces of metal involved are not small enough. But the Cologne team has shown that if a dot of metal has a diameter of less than 0:0001mm, it becomes an insulator. The effect has been

named SIMIT, standing for "size-induced metal-insulator transition" and is soon likely to make itself felt a the semiconductor industry seeks to reduce still further the density of the compo-nents on chip surfaces.

Measuring the resistance of a dot visible only under a microscope is tricky. Any attempt to make connections to it will completely mask the results. The Cologne team succeeded by suspending millions of the dots in oil and measuring the extent to which this micro-emulsion" was able to absorb microwave radiation. The results enabled it to make accurate deductions about the dots' resis-

Gunter Nimtz, joint devel-oper of the method with Peter Marquardt, says that for the chip companies the limit to microministurisation is probably between 0.5. and 0.1 of a micron (millionth of a metre).

#### Brewing operations kept on the move

BREWERIES, which need to assess the efficiency of their beer keg sterilisation processes, often use a test keg containing conventional preesure/temperature gauges. Production stops while the readings are taken at points on a test run, and the method is labour-intensive and diffi-

One answer, from Augh-

Warrington in the UK, is to use a microprocessor-based data acquisition and storage unit which is mounted inside the keg. A detector on the keg senses arrival at each process station and tells the microprocessor.

Similarly, sensors and a semiconductor memory measure and store the tem-perature, pressure and time intervals between readings. After the run, the unit is connected to a computer using Anghton software and the information displayed.

#### 40 messages to fit the pocket

AIR CALL Communications of London is offering a pocket-sized paging unit able to receive, hold and display messages of up to 1,200 characters. As many as 40 separate transmis-sions can be held and the unit's memory works on a first-in, first-out basis to make room for new messages.

Messages can be located by scanning their beadlines and any can be deleted at will. The display shows two lines of 16 characters each, and can be scrolled to reveal the remainder of a

The unit will work in most parts of the UK on Air Call's paging transmitter network.

#### Sony sharpens business displays

COMPREHENSIVE PRESEN-TATIONS can be made to business and technology sudiences using a new £8,000 display projector from Sony of Japan. The machine can accept

signals from a variety of computers and give accurate and bright colour images on screen sizes from 72 inches to 250 inches. It can switch between computer graphics and ordinary TV images from any video source, or can overlay the computer graphics on the TV without adjustment by

the operator.

Bright, sharp images result from a new lens design with combined glass and plastic construction.

#### Multi-lingual spin of the silver disc

SILVER Platter of London is offering access to its CD-BOM databases in English, French, German, Italian or Spanish Users can choose the language that suits them and then their instructhem and then their institu-tions, the system's replies, all "help" information and the contents list of the data-base will employ that lan-

guage.
Silver Platter offers data-bases on CD-ROM (compact disc read-only memory) cov-ering agriculture, computer products, medicine and other fields.

Matellanguage access has

Multi-language access has been achieved by storing all the information on the opti-cal disk in a single compressed form and using spe-cially constructed electronic dictionaries to translate the data for display. These techniques have allowed no less than 1bn characters of information to be stored on a single 5-inch CD-ROM.

#### Swedes sense out precious metals

IF THERE is still some gold "in them that hills" then a device from Swedish company, Terraprobe Interna-tional of Uppsala, might

well be able to find it. well be able to find it.

Terraprobe is a hand-opgrated device with a sensor

probe an a long rod which is

pushed into the ground by
the prospector. The company claims that any gold particle encountered by the probe will generate an audi-ble signal and light a lamp on the control panel.

The sensor in the tip, says Terraprobe, measures the electrical potential and con-ductivity of every metallic grain that it comes across. Particles down to a size of 0.005mm "cannot fail to be detected". In addition to gold, the Terraprobe can indicate the presence of platinum, magnetite, pyrites and certain copper-bearing

CONTACTS: Cologne University: the German Research Service on Bosm 302210. Aughton Process Automation: UK, 0925-830020, Sony: UK orfice, 1734 67000. Air Call, London, 534 9060. Silver Platter: London, 935 8943 and in the US on (517) 239 0306. Terraprobe International: Sweden, 1835 7750.

#### Hidden chemical mix within the modern litre

MODERN petrol contains a number of Other octane improvers include "oxychemicals which are added to the basic hydrocarbon fuel at concentrations ranging from a few parts per million to several parts per thousand:

• Detergents to remove dirt from the carburettor and inlet system. These are the ingredients most frequently promoted as "additives" in advertising campaigns,

• Anti-knocking compounds to pro-

mote even burning of the petrol/air mixture and prevent "pinking" or "knocking" which can damage the engine. Tetra-methyl lead and tetra-ethyl lead are used in leaded petrol.

genates" such as methyl tertiary butyl ether (MTBE). • Scavengers such as dibromo eth-

ane to remove the combustion prodncts of the anti-knock compounds from the cylinders.

• Anti-icing agents to prevent the

carburettor icing up.

• Anti-oxidants to stop the fuel deteriorating during storage.
 Corrosion inhibitors to stop the

· Dyes to identify different grades of petrol. Not only do different brands of pet-

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rol contain elightly different mixtures of hydrocarbons and additives but any one brand will vary from time to time. All the companies blend components from their own and their competitors' oil refineries, and the mixture changes according to the sup-ply of crude oil and the maintenance schedule of the refineries - a point that is not brought out in petrol

As the hydrocarbon blend changes other components of the petrol may have to be changed too, For example more oxygenate may be needed to maintain the octane rating.

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# Not even Shakespeare could do as much for your business letters as the latest Epson printer.

ou would think that the greatest writer in history could have improved the quality of your business letters to an unrivalled degree. But if it were possible to employ Shakespeare today, would it really be

Suppose he had to compose an apology to a less-than-merry wife from near Windsor who had been making much ado about being sent the wrong product. His reply would probably read something like this:

nakespeare Ltd. Stratford upon Apon Cosmetics

2bOmottobe Mews. Bard Yard. Stranford upon Ason.

O Mayis! Twee upon th eleventh inst., When th harbingers of Phoebus' chariot ' th'orient did jocund day portend, That I received thy dolorous dispatch.
With onion eyes, slack, I did straightway
Apprise me of theoctasion of thy plaint,
Whose gulessade, I recouch, o'ershelm'd me Whose sulsande, L'avouch, o'erwhelm'd me quite.
Though 'Rose of Cherubim' thon didst desire
To paint thy lips withal, by some mishap
'Twas' 'Strampet's Scarlet' thou wert sent, I fear;
Which for thy beauteons wisage was not meet
And fld thy cherisk'd Haidenhead offend.
Methink's Tamy perchance this fault redress
By giving that which thon preferr'd for sought.
Yet one thing would I fain to thee make clear:
If thou think'st th'error mine, th'art sore mistaken;
The want wit thou shouldst blame is Francis Bacon.

The language is not nearly plain enough for business correspondence, and the letter is far too long-winded, even without the three pages of footnotes which usually accompany every line written by the Bard. (The use of abbreviations such as 'receiv'd' and 'preferr'd' seems to be a rather poor attempt to shorten it.)

Furthermore, Shakespeare is known to have spelt his own surname in eleven different ways, which would hardly inspire confidence in a business. client today.

Yet to be fair to the great man, there are many other literary giants who would have been even less successful at this particular craft.

The Restoration dramatists' habit of writing the letter "instead of "s" would be formewhat embarraffing (perhaps disastrously so for makers of

But when it comes to strange spelling, Geoffrey Chaucer certainly takes some beating. One can just imagine how he would write a character

. Engelond.

Yarn Merchants

Of can greet man I wolds yow speke a word;
By hym, al oothers heem nat worth a toord.
This lexned wight yeleped was Herbert Jones,
Y-wis, I woot; and scothly for the nones.
Wel koude he wryts and rekeme with a Bik,
And hevere wolde he untrews rynge imme wik.
Mowher so bisy a man as he ther, nas;
Whan that the tyme for dyner comen was,
Pul looth were hym to drynken als, pardee,
Or throwen arwas in the hostelrye.
Be yaf nat for swich ydelnesse a tosse,
But al the day wolde werchen for his bosse;
So this yonge Herbert hadde noght heigh renoun
His tonge, sayde alle, was overmichel broun.
But, natheless, his kyndnesse was moost playn;
For he yaf me a fyvere so to seyn. For he yaf me a Tyvere so to seyn.

Seffray chancer

To think that our children should be exposed to such lamentable orthography in their schools! It is a national disgrace. However, the spelling of the greatest-ever Scots poet Robert Burns was no better, and the regional nature of his vocabulary would probably be discernible in even the simplest communication, such as a gentle reminder to a client to settle his account:

R.BURNS.

Auld Lang Signwriter

o' boomy Doon,

We De'ili ye awe me twantis poun! I canna bide nae mair; Sas if ye dinna gie it soon, .I'll come an' flae ye bare.

I ettle snik ye wi' my nieve In waids unsonele an' dark. "Your clatty class I'll aiblins rive in' lunt your duddie sark.

Your breeks I'll wi' a crummock whang The mak ye skreich an' cour. To winns find, whenre'er ye gang, Sae bield frae a' my pooer.

For unco canty wad I be Tas dae ye meikle hairm. I'll brak your banes that I ma see A stookie an your girm.

I'll skelp your shanks tae mak ye lonp An' 'mang the thrissles gae. Then I'll my walls whittle doup An' sued your burdles tae.

An' syne I'll stound your noddle. But gif I smoor ye whan ye ekirl, I care na de'ilm a boddle.

Robert Burns

A business letter written by the nineteenth-century American poet Henry Wadsworth Longfellow would at least be comprehensible:



By the share of Glidde Games, By the sharing Big Sea Water, Montere was the Rocky Mountain Or the bingstom of the West Wind, Or your

> Medjekrisis has beset us, Made us all cry, "Wudjoo Bleevit!" Gleaning, shining, 10 mill. wood screws, Screws that hold the tallboy doors on, Hold the teak-look chipboard doors on; Screws th m that bear the reference number

Very great the number wanted, Very large the total needed, Very many screws required, Twenty thousand screws required. Frantic, anxious are we getting, Cannot help but panic, panic. Very urgent, urgent, urgent, Urgent, urgent is our order, Urgent and embetantial order. Very quickly must we have it, Quickly have we very it must. Please deliver by next Wonday, Dun-de-dun-de-dun-de-dus-de. If you cannot, I will fetch it, Fetch it in my Winnecoops, My beloved Hipnecoopa, Which I bought on Hispurchas. Yours eincerely, most aincerely, Yours most utterly eincerely,

Udany M. Chongleson

Unfortunately, Longfellow's use of rhythm and repetition becomes

unbearably irritating after any length of time. Perhaps the more direct and frank style of D. H. Lawrence would be more effective. His initials suggest that he might have been cut out to be an international freight courier -- so what sort of sympathetic, concerned reply would

he have given to the complaints that inevitably occur from time to time?

D.H. Lawrence & Sons & Lovers "We'd love to handle your goods."

On reflection, perhaps he would not be so suitable after all. It is hard to imagine some of the other major writers of the twentieth century faring any better at drafting commercial correspondence. For example, how might James Joyce have written to accept a job?

Uselesses House Funnygoingson Wayke, Direland.



Sanctuary much fjord queryapendunce of Maythefourthbewithyou.

Isle beady-eye ted to lens my sore vices at disservice of mirage at St. Vitus's Chacha on Shutterday the dirtiest. (Doughnut wary - only pheranomenal higher fee.)

Arm hopping in pratickler to cupchewer the breast possessible pairtreats of your sintilleighteen breed-to-be anna whorde of ridersmades wither soft philtre.

Arsking metre tackier prince was coitusrude hi dear. Whale snot rarely io miniature tabby so spitful aston villafy the far too roughs of my lowcul ruefuls (wooden be higamy), the manure of their compostitions crud besetter lacquer short on genius sais quoi. (Tossay brotherwheeze word bee craestupignorance.)

Drintension to git stitched is ruddepraved. I looely

But hair swishing you happeniss ad sinfortnightus

Yourso Patfoolieh

James Joyce

No wonder Joyce's last words were, 'Does nobody understand?' Letters written by dramatists of the Absurd would doubtless be equally sheepshank tarpaulin manifold hatstand bambembimbombum.

And while employing one of the leading modern spy novelists to write for you might appear to be a good idea in view of their popularity, their letters could prove difficult to decipher even after the ink had been made visible:

## Tinker, Taylor & Soldier Limited

Estate Agents

Take the scaled brown eavelope from nader the 7th tree along to the south of Occopations Needle Band the contents to the tramp with the green tie holding up his transcus outside Enston Station at Samon Snadsy. He will give you a telephone member. Ding this three times and ask for Bot Dants.

Re: Information requisition on Operation Semi 36a

- The best has brought out the spider plante on the stepe and there are losects in every room.
- Small mounds of earth have been found near the flower border to the east, but the housekeeper will make these less comepicuous with an umbrella.
- The situation regarding your transfer is quite simple. When Beaumont reported that he had seen Grenouille giving Büchner's report to Botomich with his right hand rather than his left, Henderson realised that the doorkey Crapaud had given Zhnvov to inspect Arecht's Small, cramped flat was actually for that of Dürrenmatt, who had been trying to contact Underwood about Vladimoyski's shahby, crumbling house (not Nodinov's, as Escargot had wrongly told Jacohs) ever since Petepanski had warned Frisch that Hamilton was really called Sputnik and worked not for Wright, Goodfellow and Fairman but for Ripemov, Stelio and Turiski, the network which had persuaded Baker to give Mann directions to Cochon's pictureeque, rustic cottage rather than to that of Poisson, where Greec, give Mann directions to Cochon's pictureeque, rustic cottage rather than to that of Poisson, where Greec, working under the cunoing alias of Greene, had first suspected that Böll did not in fact exist, but had been invented by Renard, that is to say Getebirsyn, to make Parker think that the price of Heine's Stark, modern penthouse would be pushed beyond his reach and, therefore, stay put in Semi 36a so you can't move in for six months.

Please dispose of this letter by eating it.



If you could hire the services of any of the famous names we have mentioned, it would cost you an absolute fortune - and as we have seen, the results would not be particularly good anyway. Yet for the astonishingly low price of £385 (RRP exc. VAT), you can now

buy a printer that will ensure that every business letter you produce is razorsharp — the new 24-pin Epson LQ500. Even if what you write has no great literary merit, the ultra-high definition

of the LQ500's two correspondence-quality fonts will make it impressively clear and readable. The LQ500 has several other advantages over the great writers of history

too. It is far more prolific, turning out 150 characters per second in draft and 50 c.p.s. in letter-quality mode (all at 10 c.p.i.). It can adopt different styles much more easily; all you have to do to change

fonts is press a couple of buttons on the 'Selectype' panel. It is also extremely quiet (only 55 dBa); far more compatible than D. H.

Lawrence (it has an IBM character set built in); and far less temperamental than any author (each of the 24 pins in its print head will strike the paper at least 200 million times before it needs replacing).

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To quote the Bard - tennis balls, my liege,

**EPSON** 

THE CURRENT account of Britain's balance of payments remained heavily in the red last month, leaving the cumulative deficit in 1987 at its largest for

13 years.
The marked deterioration in the trade position, shown in official figures released yester-day, will intensify pressure on Mr Nigel Lawson, Chancellor of the Exchequer, to adopt a rela-tively cautious stance on tax cuts in his March budge It will also increase the possi

thin also increase the possi-bility of an early rise in interest rates, an option which has recently been onder close review in the Treasury. According to the Department of Trade and Industry the current account deficit totalled an

estimated £2.700 in 1957, up
from £940m the previous year
and the highest since 1974.
A record gap of £9.8bn last
year on visible trade was only
partly offset by a provisional
surplus of £7.1bn on invisible
transactions such as tourism. insurance and earnings from overseas assets. The surplus on oil trade rose fractionally from \$4.1bn to \$4.2bn.

For December alone the current account deficit of \$580m

was little changed from November, but yesterday's figures show a progressive deteriora-tion throughout 1987. A small surplus of £570m in the first quarter of the year had been translated into a £1.5bn deficit by the final three months

CURRENT ACCOUNT (£bn seasonally adjusted)			
	Current balance	Visible balance	invisible balance
1986	-0.9	-8.5 -9.8 -2.7 -1.1 -2.4 -3.0 -3.3 -1.2*	+7.5
1987	-2.7	-9.8	+7.1
1986 Q4	-1.0	-2.7	+1.7
1987 Q1	+0.6	-1.1	+1.7
C2	-0.7	-2.4	+1.7
02	-1.1	-3.0	+1.9
G2 G3 G4	-1.5	-3.3	+1.8*
Nov	-0.6*	-1.2*	+0.6*
Dec	-0.6° -0.6°	-1.2	+0.6*
*Provisional			Secree: DT

Booming demand in the economy resulted in a further sharp rise in imports. Excluding oil and erratic items, the volume of imports was nearly 10 per cent higher last year than in 1986, with the pace of growth accelerating in the ficel three

montas.

The rapid growth in consumer spending behiod the import surge appears to have moderated since October's stock market crash. But the combination of buoyant earnings and low inflation is expected to lead to another sizeable increase in

consumer spending this year.

That argues against a massive tax "giveaway" in the budget despite several billions of pounds that Mr Lawsoo has at his disposal. Barring fresh evidence in

is faltering, Mr Lawson's advis-ers believe that tax cuts should be limited in favour of a fur-ther cut in borrowing. The aim would be to switch

The aim would be to switch demand in the economy away from domestic consumption towards exports, perhaps through allowing a gentle decline in sterling's valoe against the D-Mark. A tight budget would also reduce any upward pressure on interest

Excloding oil and erratic items, the volume of exports rose by nearly 8 per cent in 1987 compared with a year earlier, bot by the last three months of the year the growth rate had slowed to about 4.5

# Nigerian trade debt verdict clears the way for settlement

THE LAST hurdle to the rescheduling of \$3.2bn of unin-sured Nigerian trade debt was overcome yesterday when a London court found that the condon court found that the conduct of a recent creditors' meeting was "impeccable" and lifted an injunction which prevented full disclosure of the result to the Nigerian Central Bank.

The judgment, by Mr Justice Hirst, threw out a challenge by a group of creditors who had objected to details of votes at the January 14 meeting being disclosed to the Nigerian authorities. At the meeting more than two-thirds of the creditors voted in favour of the

Awarding costs against the plaintiffs, he said their argument that those who voted against the proposal might see their future trade with Nigeria adversely affected, was "firmsy in the extreme"

"I am bound to say that I am bound to say that I strongly deprecate the making of serious allegations of this kind without any proper evidential support," he added. The case had been mounted y Confidential Recoveries, a

Hong Kong-based group of creditors, for whom the action might have become a spring-board for a broad challenge to the vote.

Speaking of the Law Deben-ture Trust Corporation, which organised the creditors' meeting, and Mr Bill Park, the city lawyer who chaired it, the judge said: "Their role was at all stages entirely independent,

and performed with absolute propriety.

The jodge also vindicated Chase Manhattan bank, which counted the vote but which had counted the vote but which had also been subject to an injunction, saying "there was not one breath of criticism against their conduct from beginning to end."

The judge continued: "Naturally the rescheduling of a foreign debt so that due payments extend to the end of the first decade of the next century is a decade of the next century is a

But it seems to me that the Ceotral Bank of Nigeria did their utmost to set up the meeting with scrupulous fairness, both in the choice of a convenient and neutral venue, in the convenient and neutral venue, in the appointment of an independent chairman of the highest integ-rity, and in the entrustment of all the voting procedures to an international bank of high

standing."
The judge said that the two-thirds majority showed "there must be a . . substantial group of people who have no common interest . . , with the

# Oftel challenges 60% rise in BT private circuit tariffs

tions (Oftel) to seek a limit on of these increases with a com-such rises in future.

list for new circuits The price rises apply to BTs inland, private circuits which businesses use to send data and voice traffic both within their offices and to customers and suppliers.

Customers rent the circuits, which are separate from public lines, instead of paying for each

BT has slapped the biggest rises on connection charges for

matter of acute concern, and

a 5 per cent incresse.

Oftel, the industry's regula-tory body, said in 1986, when BT last revised its inland pri-vate circuit charges, that there were no longer any grounds for

The rental changes vary from

A BRITISH Telecom announce—speed data circuits, by 50 per mew price increases, which ment yesterday of increases of cent. However, there is no up to 60 per cent for some key change for MegaStream, its business services has prompted high-volume data circuits.

BY coupled the sunouncement by the sold a limit or of these increases with a complete the process of these increases with a complete the sunouncement of these increases with a complete the sunouncement. BT's investment and said: "BT's forecasts do not reflect a determination to improve effi-

responded by saying it had launched a modernisation programme, including a new 270m fibre optic network in the City of London which would improve efficiency as it came

Oftel is to consider the future Oftel is to consider the numer of leased line prices as part of a wider review of BT a charges. However, Prof Carsberg has already decided that a limit is needed on future price increases for BT's inland leased lines and that he will refer the leave to the Monopolies and rises on connection charges for these circuits, which have been in high demand from companies.

Connection charges for its main voice circuits are to increase by up to 60 per cent and for KiloStream, its high-

# Row erupts on secrecy plans

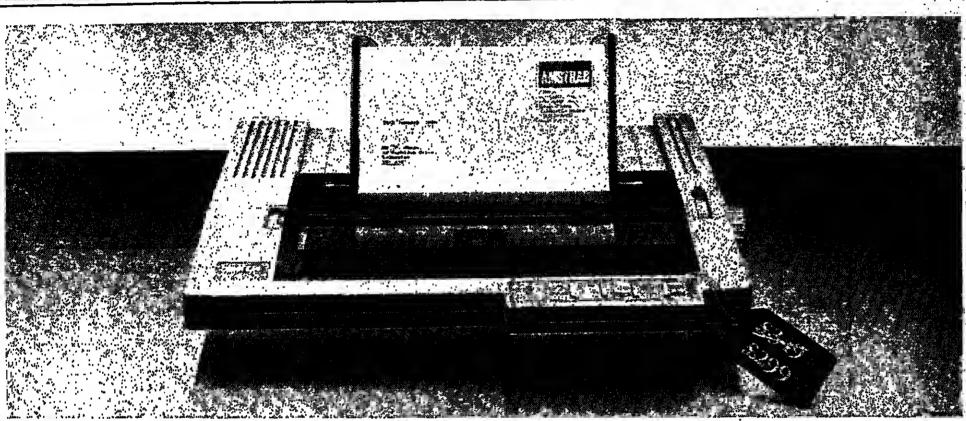
MR DOUGLAS Hurd, the Home and spokesman on home affairs mation into different categoSecretary, was attacked in the Led the assault. He said that if ries, he said, were very close to 
House of Commons yesterday. Mr Hurd had been as forthcomfor revealing more in a BBC ling a fortnight ago when the 
broadcast than he had previously been prepared to tell members of parliament about the Act, the Government would 
the Government's proposals for reforming the Official Secrets 
Act. The measures outlined by the mean himself to pander to the 
Home Secretary on the BBC's 
Hadio 4 last night, involving the 
Radio 4 last night, involving the 
labour Party's Deputy Leader division of Government infor-

world's major industrial coun-

**New Tory MPs** cite merchant

banking links By Peter Riddell, Political Editor

FOUR OF the 50 new Conservative MPs elected for the first time last June have close con-



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#### Second term for Bank of England Governor BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

MR ROBIN Leigh-Pemberton However, the Bank later won was reappointed yesterday as plandits for its work in helping Governor of the Bank of to stage-manage the Big Bang in England for a second five-year October 1986, which brought term.

The appointment, which sation of the City's financial begins on July I, was officially made by the Queen, but it Bank has pioneered a new comes on the recommendation of Mrs Margaret Thatcher, the British Prime Minister.

Mr Leigh-Pemberton, 61, was work for hanks from all the the choice of Mrs Thatcher world's major industrial coun-

the choice of Mrs Thatcher when he was first nominated tries.

for the office in 1988. He managed to retain the Government's favour, despits a first term that he has lacked the authorwhich was marked by occative and intellectual force of sional controversy, particularly some of his predecessors. For in the Bank's handling of problems in the City of London.

Chief among these was the Johnson Matthey Bankers crisis the Government, particularly in of 1984, when a small builton monetary affairs.

However, his supporters maintain that he has engineered the Bank which atrained its a relatively pauless transforrelations with the Government, mation of the Bank's role from the incident led to the coactwhen he was first nominated tries, for the office in 1988. He man-Mr

The incident led to the enact-ment of last year's Banking Act. City club to a statutory body which strengthens the statu-overseeing one of the world's tory foundation of banking largest and most successful

#### TV industry changes force

Granada cuts By Feone McEwen

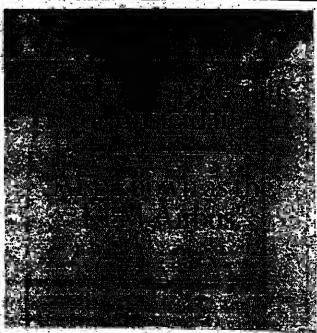
GRANADA television, the PPV contractor of the north-west of England, is to slim down its staffing levels by 19 per cent with the loss of 270 employees by the summer.

The move, which comes as a jobt to a television industry unused to large-scale redundancies, is a response to what the company calls "the enormous changes" happening in the broadcasting industry.

The industry faces a period of radical restructuring with the possible emergence of new commercial channels, changes in the way ITV franchises are awarded in 1992 and the growth of night-time broadcasting. Competition for advertising revenues is increasingly flarce.

Some observers view the cuts as the first signs of response to the Government's plan for independent, producers to have access to 25 per cent of atritime. In addition, the traditional network arrangements which have guaranteed airtime for the producers of the "big five" commercial stations are to be phased out.

time last June have close connections with merchant banks.
The register of MPs' interests,
published yesterday, shows
that the 50 have a total of 44
directorships, although this is
inflated by the 13 held by Mr
David Shaw, MP for Dover.
The four with merchant bank
connections are Mr Quentin
Davies (Stamford and Spalding)
with Morgan Grenfell; Mr
Andrew Hargreaves (Birmingham Hall Green) with J.
Henry Schroder Wagg; Mr
Andrew Mitchell (Gedling) with
Lazard Brothers; and Mr John
Redwood (Wokingham) with
N.M. Rothschild. PRESH KOSHER SMOKED SALMON AND CREAM CHEESE BAGELS Delivered daily to your premises. Call 346 0431 to order (not shabat).



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Financial Times Friday January 29 1988

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# N-tests 'did not increase risk of cancer'

THE CASE for claims against the Government by participants in Britzin's atmospheric nuclear wespons tests has not been proven, Sir Richard Doll, a world authority on medical statistics, said vectorder.

world authority on medical statistics, said yesterday.

A study of the health of more than 22,000 men who participated in tests in the Far East between 1952 and 1967 has revealed no detectable effect on their health or on their risk of the statistics.

their health or on their risk of developing cancer, with certain small exceptions.

The exceptions are multiple myeloms and leukaemia, but there is no evidence that these victims were exposed to nuclear radiation in unusual amounts.

Chose 22,300 servicemen and civilians not involved in the tests.

Mortality - patterns of deathin the participants is no different from those in the control group, and for both groups is some 20 per cent lower than the national mortality rate.

amounts.

The study was launched after s 1982 BBC-TV Nationwide programme raised the possibility that bomb-test participants bad suffered ill-health as a result. The Ministry of Defence asked the National Radiological Protection Board, the Govern-ment's watchdog on radiation exposure, to investigate the

allegations.
Sir Richard, who heads the imperial Cancer Research Fund's research unit in Oxford, specialising in cancer statistics, collaborated in the study. Sir Richard said his greatest

oping cancer, apart from s pos-sible effect on the risks of developing multiple myeloma and leukaemia." worry in designing the study had been that the Defence Min-

#### TSB offers personal loans at lower rates

By David Barchard

THE TSB is to offer unsecured personal loans of between \$1,500 and \$7,500 at an annual \$1,500 and \$7,500 at an annual percentage interest rate of 15.6 per cent from February 1, the group amounced yesterday.

This reduces TSB personal loans from 19.7 per cent to around two points below the rates being offered for comparable loans by the other major British banks. The cuts appear aimed at wresting customers from the other banks. had overcome this problem by contacting all organisations which might have compiled lists of participants. They studied mortality and other data registered nationally as their criteria of health.

As the control group, they chose 22,300 servicemen and

At present the TSB's share of the UK personal loans market is well below that of the four big clearing banks. Last year the TSB's volume of personal loans rose by only \$30m to \$441m.

Part of the reason for this may lie in TSB's customer has may lie in TSB's customer base which contains a higher propor-tion of D and E class customers than the other major banka. As a result, TSB has been more strict in assessing eligibility for personal loans.

group, and for both groups is some 20 per cent lower than the national mortality rate.
But there are slight differences in deaths from particular types of cancer, with slightly higher figures for leukaemia and multiple myeloma, and lower figures for other cancers.
The detailed findings are being published in the British Medical Journal this week, where the study concludes that Reduced rates will be applied for up to five years. No limit has been set by TSB on the amount of money available for low-rate personal loans or for the number of loans issued, "participation in the nuclear wespon test programme did not have a detectable effect on the participants' expectation of life nor on their total risk of devel

for only three months. During the spring, TSB is expected to put an equity-linked lending scheme on the market, under which borrowers will be able to use the equity in their homes as loan collateral. David Brindle finds the health service's chief executive defending its achievements

# NHS management is declared fighting fit

again."

Special pleading for the bureaucrats? Perhaps. However, the charge is harder to make stick when you consider that Mr Peach is not a career difficult to gauge overall; although broadly discernible in narrow areas such as cost director of personnel and cormander of the transfer of the charge is although broadly discernible in narrow areas such as cost director of personnel and cormander of the charge is although broadly discernible in narrow areas such as cost director of personnel and cormander of the charge is a cost director of personnel cormander of the charge is a cost director of personnel cormander of the charge is a cost director of personnel cormander of the charge is a cost director of personnel cormander of the charge is a cost director of the ch porate affairs at IBM, the computer manufacturer renowned

THE LAST THING the National Health Service needs, says Mr Len Peach, is another reform of its management structure.

With nothing being ruled out of the Government's internal review of the NHS, there is sure to be a strong lobby for a pruning of the decision-making tree, ing of the decision-making tree, most likely a lopping of the regional health authority branches.

Mr Peach will fight the axe. Whatever size may be wrong it, getting everyone to agree to

Mr Peach will fight the axe.
Whatever sise may be wrong it, getting everyone to agree to with the NHS, says its chief executive, it is not the management. Indeed, he believes the achievements of NHS managers over the past two years constitute a remarkable, unsung success story.

He says: "I think it is very unfortunate, at a time when results are being produced by the structure, that we have talk from a number of people that we should start looking at it again."

agement — as Mr Peach defines it, getting everyone to agree to what you wanted to do before everyone to agree to what you wanted to do before excluded it.

Under general management, however, the theory is that representatives of all the health specialisms concerned are consulted but in the end the general manager must be prepared to take the unpopular decinion.

Accountability is written into the structure through annual, or more frequent, performance reviews — linked to pay in the case of individual general management. case of individual general man

The recent NHS record on the

puter manufacturer renowned for the calibre of its management, and is on a three-year secondment to the NHS.

What is more, he is remarkably lavish in his praise for the 824 general managers who have 1.5 per cent of the budget for been appointed to the regional, district and unit administrative are being made, worth about 1.5 per cent of the budget for been appointed to the regional, district and unit administrative are being made, worth about 1.5 per cent of the budget for been appointed to the regional, district and unit administrative

One man's cost improvement is, of course, another man's spending cut. So an immediate goal is to involve clinicians in the resource management pro-cess: pilot echemes, co-spon-sored by the British Medical Association's joint consultants committee, are taking place at five acute-care hospitals and 10 ommunity units.

Provision of accurate and

mation there was about the service in a manageable form."

Since them, every one of the 191 district health authorities in England has achieved the so-called Körner targets for data collection and three-monthly submission to the NHS management board. The next target is to have all data analysed within six weeks of the end of each quarter.

As Mr Peach put it in a new year message to managers: "We are in the process of turning e tanker, a process which cannot be achieved quickly but is taking place and needs to be explained to those impatient for results which have not been achieved in the previous 40 years."

Not everybody chares this view. There are, in particular, two main criticisms of the way the NHS is being managed: first, that there is no clear lead

first, that there is no clear lead on policy; second, that no moves are being made to tighten control over clinicians. The policy point was best made by Dr Chris Ham, health policy analyst at the King'e Fund research institute, when he said: "If I can use a meta-abor we've experienced an phor, we've experienced an extended period of servicing timely data on patient activity, resource use and finance is central both to these pilot schemes.

The parts are renewed and the car tral both to these pilot schemes will run smoothly once we set and to the setting of perforont. We have also appointed a mance indicators.

Mr Peach says: "When I came to replace the six people who pre-

to the NHS I was very surprised to find how little information there was about the service in a manageable form."

Since then, every one of the 191 district health authorities in England has achieved the accalled Korner targets for data collection and three-

This at least dovetails with the Government's review. Mr Peach says the managers need to be clear "what is really important to ministers and what is secondary." By inference, tough decisions have to be taken on how many and which of the manifold policy priorities should continue to be so.

The second criticism was voiced recently by Mr Alan Maynard, director of York University's centre for health economics, when he identified the NHS's biggest problem as a failure on the part of general managers to "get a grip" on the climicisms.

Mr Peach, anxious to promote This at least dovetails with

Mr Peach, anxious to promote co-operation, is reluctant to dwell on this, although in his new year message, he did writer. There remain some potentially damaging tensions and divisions, sometimes between management and professional staff reguling in different directions. pulling in different directions and sometimes caused by tradi-tional rivalries between profes-

There, without a doubt, lies a headline item for both managerial and ministerial agendas at this key point in NHS history.

Caution is

#### Redemption Notice

where the study concludes that

#### **Electricity Supply Commission** (South Africa)

94% Guaranteed Sinking Fund Debentures Due 1989

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of March 1, 1974 under which the above described Bonds were issued, that the following Bonds have been selected for redemption on March 1, 1988 \$1,500,000 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to March 1, 1988. The serial numbers of the Bonds selected for redemption are as follows:

BOND NUMBERS

## BOND NUMBERS

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On March 1, 1988 there will become due and payable upon each Bond selected for redemption the said redemption price, together with interest accrued to March 1, 1988, all as more fully provided to the Bond. Payment of the redemption price of the Bonds to be redeemed will be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment therein of public and private debts, upon presentation and surrender of said Bonds with all coupons appertaining thereto maturing after March 1, 1988, at the following addresses:

Citibank, N.A. Municipal Securities Processing Area, 111 Wall Street, SORT 3685 New York, New York 10043 By Hand: Municipal Securities Processing Area, 65 Beaver Street -- 17th Floor New York, New York 10043

General Informatio (212) 968-6552

Payment of the Bonds (subject to applicable laws and regulations) will also be made at the offices of Citibank, N.A., in Amsterdam, Brussels, Frankfurt/Main, London, Paris, Luxembourg and at Kredierbank, S.A. Luxembourgeoise, Luxembourg, by check on a dollar account, or by a transfer to a dollar account maintained by the payee with a bank in New York City.

On and after March 1, 1988, the date fixed for redemption, interest on said Bonds will cease

to accrue. Coupons maturing on or prior to March 1, 1988 should be detached from said Bonds and presented for payment in the usual manner. **ELECTRICITY SUPPLY COMMISSION** 

Date: January 26, 1988

NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Fiscal Agent has the correct taxpayer identification number (social security or employer identification number) or Exemption Certificate of the payer. Please furnish a properly completed form W-9 or Exemption Certificate or equivalent when presenting your Securities.

# Markets study says gilts offer best return

BY SIMON HOLBERTON

chance of schieving a positive 18.3 per cent from equity real return from gilt-edged investments compared with an securities, according to a study cent from gilt-edged securities published today of fixed-interest and equity markets since end of last December,

The study, produced by the market strategy team of Barclays de Zoete Wedd, the UK securities house, is the first full-scale analysis of investment returns since October's colleges in continue to the state of the study of the state of the s

ment returns since October's collapse in equity prices.

A significant finding is that, even accounting for the 35 per cent fall in UK share prices in October and November, investors received an annual real the 1929 Wall Street-induced

Plant hire

in buy-out

A 12-STRONG management team of Reliant Plant Ser-vices, a West Midlands plant hire company, has staged a \$6.1m buy-out from Evered Holdings. Reliant, which is based at Walsall Wood, employs 200 people and has 16 depots throughout Britain serving

throughout Britain serving the construction and engineering industries. It claims to be one of the largest suppliers of plant-hire equipment in the country.

It made pre-tax profits of £5.3m in the 11 months to November 30 and expects to make

ber 30 and expects to make profits of \$1m (before set-ting-up costs of \$250,000) on turnover of \$6.5m in the

13 months to December 31 The management team, headed by Mr Brian Ralley, managing director, has put \$250,000 of its own money into the buy-out. The rest of

into the bay-out. The rest of the funding comprises \$2m of equity, provided initially by 3i; a \$1.5m property mortgage provided by Mercantile Credit, a subsidiary of Barelays Bank; a \$500,000 loan in the form of a deferred payment to Evered; with the balance in the form of medium-term and long-term loans from Barelays.

Barclays. The entire deal was taken

The entire deal was taken onto 31's own books to allow it to be completed within the four-week deadline set by Evered and 3i has began syndicating it to other investors.

Advisers to the buy-out team were the accountancy firm of Spicer & Oppenheim and Wragg & Co, solicitor.

Reliant formed part of London & Northern Group, an industrial holding company, which was taken over by Evered last April.

Evered decided to sell because plant hire did not form one of its core activities.

company

By Charles Batchelor A 12-STRONG managen

INVESTORS HAVE a better (inflation-adjusted) return of chance of schieving a positive 18.3 per ceut from equity real return from gilt-edged investments compared with an

With the exception of Japan, investors have done no better from investing in foreign shares. Adjusting the perfor-mance of foreign share markets by the retail prices index, BZW says most of the gains made before the end of 1986 were lost last year.

to that of the early 1930s.

certainly provide a modest real return over this year.

crash, BZW does not believe investor would have made a that Britain, or the world econ-ony, is heading for e prolonged of 12 per cent compared with a period of recession comparable real return of 4.4 per cent for

BZW believes equity prices will end this year at a lower that equities are risk invest-level than they started. It is ments and can suffer high volsuless certain over the performance of long-dated gift-edged for those who feel that the securities because of the infinite equity market has seen a catasteries on them of the IIS hand troube this sufference on them. securities because of the minimisence on them of the US bond market, but feels they will have a better chance of achieving return during the 1980s positive returns. An investment remains among the best ever bills will almost equity market has seen a catas-trophe this autumn to remem-

ertainly provide a modest real BZW Equity-Gilt Study: Investment in the London Stock Mar-buring 1987 itself, a tax-free ket Since 1918. £15.

#### likely over health cash By Alan Pike, Social Affairs Corresponder

A CAUTIOUS approach to radi-cal changes in financing the National Health Service is likely to be taken in an infinen-tial study group's report next

month.

The group – set up by the King's Fund research institute, a health-care think tank – has a neath-care think that — has been examining a range of issues, including new methods of generating income and the relationship between the public

relationship between the public and private sectors.

Its members, who represent a high-level and wide-ranging body of thought on health care issues, will be ready to publish their report next month. The document, which promises to make a significant contribution to the debate on health service finance, is expected to argue for refinements of existing arrangements rather than

totally new solutions.

Mr Ken Judge, director of the institute, said yesterday that there was some merit in an internal government review of the health service, provided the outcome was made public and time was then allowed for con-sultation with all interested parties. This should be done in

a green paper.

The Committee of Vice-Chancellors and Principals has told the Commons social services committee that extra resources

are needed for medical educa-tion and clinical science if the country'e health care is to be protected. Only the publicly-funded

Only the publicly-funded health sector, said the committee, provided medical education and research, and this was being affected by NHS bed closures, cuts in academic staff and lack of new equipment.

"In view of the many and complex issues affecting the present and future needs and demands for health care in relation to national resources, we believe that short-term meabelieve that short-term mea-sures to meet immediate prob-lems will not be enough, and that any inquiry must look at the longer-term resourcing of the NHS.

Parliament, Page 12

#### Welsh agency to spend £44m on development

By Anthony Moreton, Welsh Correspondent

THE WELSH Development Agency is to underpin the strong growth in the Welsh strong growth in the Weish economy by building a large number of factories in the coming year, with emphasis on attracting private developers.

Mr David Waterstone, WDA chief executive, said in Cardiff yesterday that £44m would be spent on property development in 1988-89, a rise of 40 per cent over this year's £31m. This follows the Government'e decision a fortnight ago to raise the a fortnight ago to raise the agency's budget.
Centrepiece of the programme will be a property development initiative to

encourage the private sector.

The initiative will allow the agency to offer a grant to a prospective developer to ensure projects are viable. Mr Phil Head, the agency's commercial director, said finance was not the only way a company could be helped.

"Our assistance could take the form of marketing or testan-

the form of marketing or inter-national support through Winv-est," he said. Winvest is the agency's overseas investment

Five priority areas have been chosen for the property initiative: Decsaide and the Delynemerprise zone in north Wales, and Cardiff, Bridgend and Swanger in the north

iilegat: British Lifestyle. Mintel, 7 Arundel Street, London, WC2. £550.

## Call for change in VAT law BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A SENIOR indge vesterday called for a change in the law so that taxpayers do not have to take the Customs and Excise to court in order to recover overpaid VAT.

The court dismissed an provision entitling the taxpayer so to deduct or take credit for a ments, a manufacturer and disprevious overpayment. The taxpayer's only course to court in order to recover opening varieties against a judgment for \$1.39m was to issue a writ claiming the obtained against the company money, the Customs contended.

The Court of Appeal held that the law as it stands does not entitle a taxpayer to deduct an overpayment when making a subsequent VAT return. The

subsequent VAT return. The only way to recover the money is to issue a writ against the Customs, the court said.

Lord Justice Glidewell said that the wording of the 1983 Value Added Tax Act compelled the court to hold that the only permitted deduction that could be made when calculating VAT was of input tax received from output tax paid.

output tax paid.
The judge said he was reluctant to reach that conclusion because it inevitably meant that there was no statutory mechanism giving taxpayers who had overpaid an alterna-

tive remedy.

"I think it is highly desirable that there should be such a mechanism, but my views as to its desirability cannot conjure such a mechanism into existence," he said.

the steen suspended because the company has issued a writ claiming the overpaid VAT as money paid by mistake.

Lord Justice Glidewell said Fine Art Developments had paid VAT in accordance with a direction by the commissioners that VAT was to be calculated on the open market value of goods on a retail sale.

Following a European Court

by the Customs and Excise in the High Court. That judgment the act did not expressly allow has been suspended because the an overpayment to be deducted.

Following a European Court ruling that the Customs and Excise had no power to make that direction, the company asked for \$1.39m overpaid to be returned. That was refused, so the company deducted the amount from a subsequent VAT payment, and as a result was supersedes a High Court decision in a similar case in Novemburgh of the court to hold that the was correct. Yesterday's ruling supersedes a High Court decision in a similar case in Novemburght. asked for \$1.39m overpaid to be returned. That was refused, so the company deducted the amount from a subsequent VAT amount from a subsequent VAT amount from as a result was sued by the Customs and Excise.

The Customs and Excise argued that, although the 1983 act entitled a person to deduct input tax paid from output tax received, there was no similar or could sue for the money.

#### ITN to launch all-night news service BY RAYMOND SNODDY

INDEPENDENT Television News is about to follow the growing trend to all-night tele-vision. It will launch a television news service for light sleepers, shift workers and early risers on February 15.

The service will consist of regular two-and-a half-minute bulletins throughout the night, culminating in an hour-long

news programme starting at news programme starting at 5sm.

The Morning News programme will include a reformatted version of ITN's World News, which goes out to Europe by satellite as part of Super Channel, and selected items from Mr Ted Turner's Cable News Network from the US.

Morning News will have its own ITN presenters. There will be sports news and ongoing sto-

be sports news and ongoing sto-ries will be updated by live cov-

five network companies –
Thames, London Weekend, Central, Granada and Yorkshire –
plus Anglia and Television
South will carry the service.
Other ITV companies are expected to follow.

Authority.

The Independent Broadcasting Authority yesterday published a survey on public attitudes to violence on television.
It suggested that people are
more concerned about violence in general than violence in particular programmes. ted to follow. Meanwhile negotiations are

continuing between ITN and British Satellite Broadcasting on a contract for more than eight hours a day of news and live events for the direct broadcasting by satellite service due to be launched in the autumn of

next year.

BSB has threatened to put a \$10m contract out to tender if agreement is not reached by Monday. ITN, which was associated with BSE's franchise application, believes the contract cannot be put out to tender without the permission of the Independent Broadcasting direct.

Three out of four permits felt programmes such as The A Team, Knight Rider and Kinder were harmless entertainment for the under-fives.

Mr John Whithey, director-general of the IBA, said it was hard to arrive at a system of the Independent Broadcasting guidelines and control.

Sixty per cent of viewers agreed there was too much vio-lence on television, but only half thought The Equaliser, often criticised as being too vio-lent, was unsuitable for chil-

# Britons 'spending more than they earn'

BY DAVID CHURCHILL, LEISURE RIDUSTRIES CORRESPONDENT

BRITONS IN the late 1980s spending comes from the rather spend more than they earn and rocky basis of credit and inherance increasingly ambivalent ited wealth, Mintel reveals.

a decade ago, Britons pay less tax and spend less on food.

Instead, expenditure on holi-

about dishonesty.

These are among the findings of e study of British lifestyle published by the Mintel market

than their husbands.

But the picture of rising livlng standards and leisure show that, in comparison with

Its research shows that households on average have a total income of \$12,000 a year but are actually spending \$14,000.

published by the Mintel market research company.

The report paints a picture of British households where people have longer holidays, spend more on luxury items, including foreign holidays, and drink more wine and less beer.

It also suggests that Scottish wives have a far greater say in household bnying decisions than their husbands.

But the picture of rising liv-

towards dishonesty.

A very high percentage of the population, if not actively dishonest, is ambivalent about dishonest, is ambivalent about dishonesty," it says. This, Mintel adds, is "a factor which affects many market sec-tors at least indirectly".

uncovered changing attitudes

The survey reveals that a third of all adults would not question the source of goods which were obtained in a dubi-

ons manner.

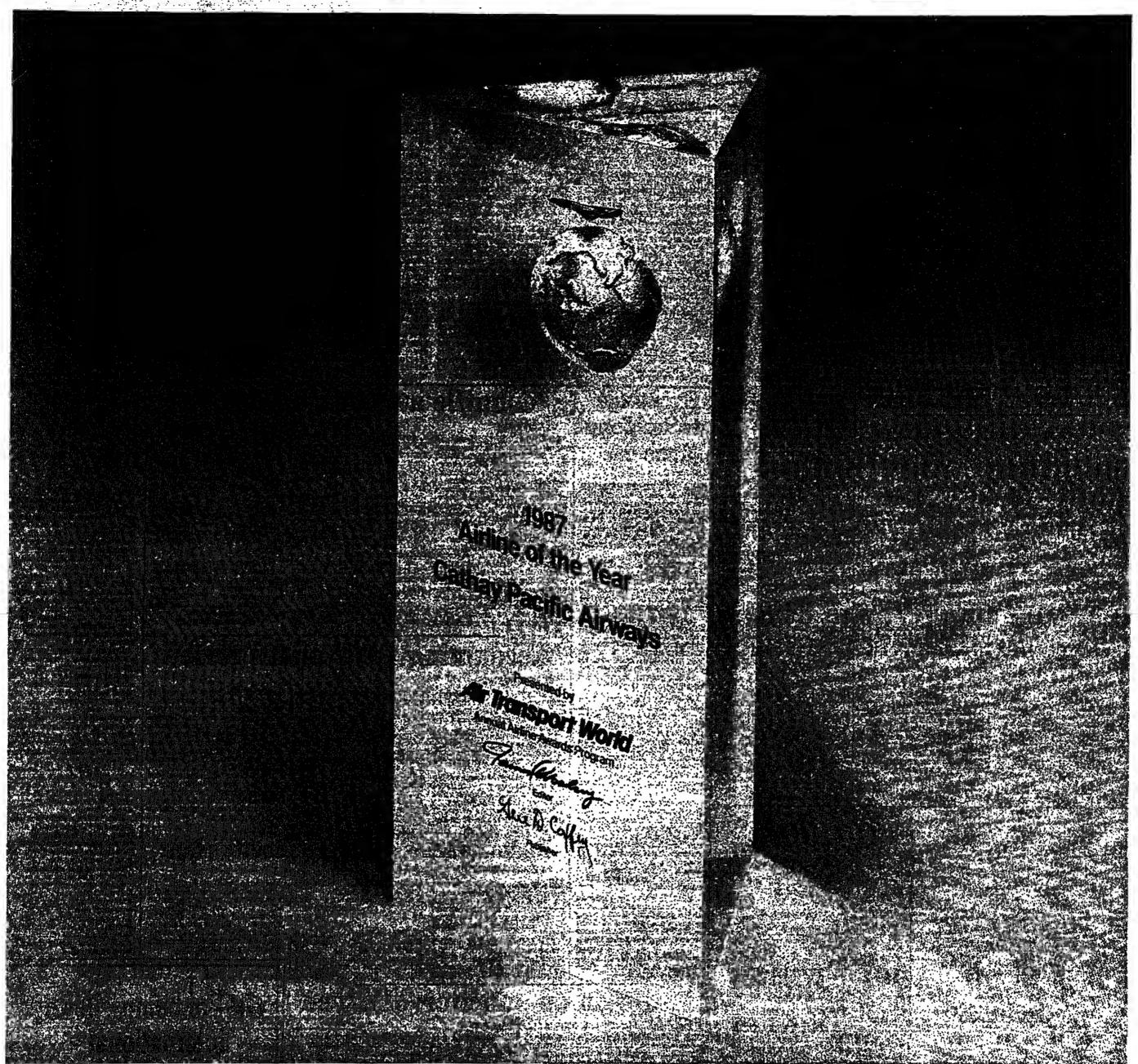
More than 55 per cent, moreover, would not consider contacting the police if offered days, andio and video products, and eating out has rises. such goods. However, the survey has

Some six out of every 10 of those surveyed also believe that crime is understandable under certain circumstances such as being unemployed.

Research also found that third of those who were pre-pared to act on illegal insider information still consider that insider trading should remain

Swansea in the south

# We've arrived!



# In better shape.

Cathay Pacific has been named 1987 'Airline of the Year' by Air Transport World, America's foremost aviation magazine.

In 1988 we will continue to do everything we can to make sure that when you fly with us you will arrive in better shape.

CATHAY PACIFIC

THE FORESTRY Commission cent. claims to have exceeded the target rates of return on its operations set by the Govern-

ission's contention that its

3.1 per cent rate of return on its forest operations against a

recreation operations, invoiving forest holidays and campsites, produced a return of 7.9 per cent against a target of 5 per

These figures are not directly disputed by the National Audit Office, which in the past has been particularly critical oo the commission's failure to achieve the torsice parts set for it.

the target rates set for it. However, in what seems likely to be a cootroverslal qualification to the commission's accounts, Mr John Bourn, the oew Comptroller and Auditors (Comptroller and Auditors (Comptroller and Auditors (Comptroller and Auditors (Comptroller and Audi tor General, questions the assomption that the improvements in its forestry operations will reduce its need for government subsidies from £22.8m to £9.7m in the next three years. Mr Bourn says he believes that the way the commission that the way the commission has valued its assets and assessed its costs could overstate estimated future income from timber by some 20 per Road, Edinburgh EH12 7AT

The commission received target rates of return on its operations set by the Government for the first time in many years.

However, the National Audit Office has questioned the commission's contention that its single contention that its single commission received a government grant of £53m in 1986-87, offset by sales of iand and other properties worth £14.7m. Such sales, part of a semi-privatisation exercise, have brought in nearly £95m

future revenues will improve to the point where it will need considerably lower government subsidies.

According to preliminary information released yesterday from its 1986-87 annoal report, the commission is achieving a 3.1 per cent rate of return on its forest operations against a since 1981.

As the authority responsible for overseeing forestry operations and the provision of planting grants, the commission spent \$18.2m, up 10 per cent on the previous year, primarily because of an increase in grants for the planting of broadleaved woodlands.

In the past year the commission has been criticised by both the National Addit Office and Commons Public Accounts Committee for its poor rates of return, amounting to little more than I per cent oo forestry.

The commission has also been

The commission has also been criticised by the committee and by cooservation groups, alarmed at the spread of confers across large tracts of northern England and Scotland. Sir David Montgomery, the commission's chairman, yesterdoy defended the economic importance of the timber industry which had attracted \$600m. try, which had attracted £600m of new investment in the past few years. However, he noted that current forestry thinking

### Warner given go-ahead for Chappell takeover

THE MONOPOLIES and Mergers Commission yesterday cleared the acquisition of Chappell, the music publishing company, by Warner Communications, the US entertainment and commu-

or entergamment and commumication group.

Mr Tony Blair, Labour consumer affairs spokesman, said:

"The decision is bad news for
the music industry which will
restrict opportunities for artists
and the public."

He argued that it was further evidence the Government needed to strengthen competition policy and ensure the commission was more rigorous in

"merger situation" had been created by Warner's acquisition of Chappeli, a company founded in Loodon in 1811 but founded in Loodon in 1811 but since 1984 owned by a group of US investors led by American investment bank Wertheim Schroder. The commission investigation coocerned the effects of the merger on the UK music publishing subsidiaries of Warner and Chappell.

The merger would give Warner/Chappell about a fifth of the UK music publishing market.

tains record production as well as music publishing, there was a danger that composers and performers of pop music would eoter into contracts with an in-house publisher in associa-tion with a record company. dence for Music Publishing Action Group argued that this would close off opportunities to independent publishers.

It was also argued that groups, in-house exploitation could lead AIDS, which is passed pre-

means that Lord Young, the Trade and Industry Secretary, has no powers to act against it.

**Ministers** promise worldwide **AIDS fight** 

HEALTH MINISTERS from 120 countries yesterday pledged ioternational co-operation to reduce the spread of AIDS. The ministers, attending o world summit on the disease in London, agreed to share ideas on how to encourage people to change their sexual behaviour and endorsed a declaration stressing the need to avoid discrimination against people infected with the AIDS virus.

None the less, the declaration avoided mention of mandatory testing of people such as homo-sexuals who are suspected of having the virus. Infection with the virus leads to AIDS in a

the virus leads to AIDS in a high percentage of cases.

Mandatory testing of people thought to be susceptible to AIDS, which has begun in some countries, such as China, Bulgaria and Kuwait, may threaten individoais' basic rights, according to some critics.

Dr Jonathan Mann, director of the World Health Organisation's AIDS programme, said in any large group of nations some

any large group of nations some disagreement was locvitable about ways of tackling the

problem.

Dr Mann said in general he was greatly encouraged by the results of the conference which he said had "strengthened world commitment to translate theory into practice" in fighting the disease.

According to Dr Mann, the conference had illustrated a remarkable openness among different countries, some of which have io the past refrained from discussing the disease or even acknowledging its existence in their territories. He singled out for praise the

efforts by Kenya, the UK and Australia in seeking to change people's sexual behaviour. Referring to Africa, in some parts of which the disease has reached epidemic proportions, Dr Mann said some govern-ments had been criticised for being slow to recognise the exteot of the problem. However, he said governments in Africa had been as quick to record cases of the disease and

to start preventative action, as in other parts of the world. Mr Narasimha Rao, India's minister for human resource on mandatory screening should be left to individual nations. His government was consider-ing it for certain high-risk

to reduced royalties for com- dominantly by sexual cootact posers.
The commission decided the evidence submitted fell short of establishing that Warner/Chappell would behave in grach. "Even if Warner/Chappell and this is expected to grow to

were to do so in future there may well be legal remedies available, both through the courts and through action taken by the competition authorities," the commission said.

The feet that the commission is a summit could have been held. Since then different nations The fact that the commission had recognised the severity of decided the merger would not be against the public interest "unprecedented level of consen-

Mr Robert Windom, US assismarket.

Fears were expressed that, because the Warner group conpell & Co. HMSO. £7.40.

Warner Communications and the gathering had proved helpful to his country's efforts to curb the spread of AIDS. Alan Pike reports on the failed appeal by the Birmingham Six

# Ruling will not silence echo of bombings

THE EXPLOSIONS which killed 21 people in two Birmingham public houses on the evening of November 21 1974 caused the biggest mass murder by terrorits in British history. The echo of those events will oot be silenced by yesterday's Court of Appeal decision.

Bishop Edward Daly, Bishop of Londonderry and spokesman for the Irish Bishops' Conference, who was at the Old Bailey for the judgment, broke down

for the judgment, broke down in tears at the decision. He declared his belief that the six accused were innocent whatever the court says" and added: "I lost my faith in British jus-Those may years ago. I hoped this might repair it."

The hishop's belief that the Birmingham Six did not plant the bombs in the Mulberry Bush

and Tavern in the Town public houses in Birmingham city cenhouses in Birmingham city cen-tre "whatever the court says" has widespread support among lrish people and others who have spent years campaigning for a retrial. This view, among those who hold it, will not have been even slightly changed by yesterday's decision that the original convictions were in the original convictions were, in the words of Lord Lane, Lord Chief Justice, "safe and satisfactory." Sir John Farr, Conservative MP for Harborough, said last night that he intended to ask Mr Douglas Hurd, Home Secre-tary, to recommend the use of the Royal Prerogative to release the men. "I believe the original

THE STOCK EXCHANGE

plans to spend about \$45m

on computer systems and other technological develop-

ments in 1988, roughly the same as last year. However, it is 50 per cent less than expected before the market

Mr Bernard Reed, director of international markets,

said the exchange had

started with a "wish list" of

105 projects to be begun or continued during the year.

After the market crash,

the volume of trading had seriously affected the exchange's income from set-

tlement services. The list

the most recent review

meeting to the 39 projects of highest priority.

Projects that will go ahead include Taurus, the automatic settlement systems due to go live next year, and Saef, the automatic small order execution

system which is expected to be launched later this year

together with an improved information and trading system for International

The existing International

The existing International Seaq system was developed quickly and cheaply during the build-up to Big Bang in October 1986. It has proved serviceable but "not good enough for a market of this stature", according to Mr Hugh Armstrong, the exchange's services planning director.

Figures given by Mr Reed suggest that daily turnover through International Seaq

- between \$500m and £1bn
- is about equal to the turnover through domestic Seaq.

fall last October.

book, Error of Judgement, greatly added pressure to the campaign for a retrial, said the case reaffirmed to the world that an Irishman charged with a terrorist offence could not bope to receive justice from a British court. "No one should imagine that this judgment marks the end of the campaign for the release of these six innocent men. On the contrary, this case will haunt our judges and politicisms until they plack up the courage to face the

burden of both Mr Mullins's predictions - that campaigns to free the Birmingham Six will continue, and that yesterday's Court of Appeal decision will add strain to relations between London and Dublin - will prove

the Royal Prerogative to release
the men. "I believe the original
evidence has been completely
overturned and that the Crown
case has been destroyed," said
Sir John, who has been active
in seeking the re-opening of the
case. "They have got the wrong
men, I know that."

Mr Chris Mullin, Labour MP
for Sunderland South whose

to be true.

The Birmingham Six - Mr Wiltiam Power, 42, Mr Patrick Hill,
42, Mr John Walker, 52, Mr
Robert Hunter, 41, Mr Richard
McIlkenny, 53, and Mr Hugh
case. "They have got the wrong
soon after the bombings - five
of them as they boarded a ferry
to Ireland. The five, who all
for Sunderland South whose

The convicted six, from left: Patrick Hill, Hugh Callaghan, John Wall

described the evidence against the six as the "clearest and most overwhelming" he had ever heard. But attempts by the claims which have become gestions that a schedule of men to clear themselves began soon after their conviction, leading to an unsuccessful effort to sue the police for assemble in a civil action in 1980.

the time of the explosions, were on their way to Belfast for the funeral of Mr James McDade, an IRA man who had blown himself up planting a bomb outside Coventry telephone exchange.

An immediate political cone-covener of the Birming then Master of officers in order to obtain confessions, and that scientific evidence and the confessions and that scientific evidence and the political cone-coveners. The light of the lig

An immediate political consequence of the Birmingham bombings was that the then Labour Government rushed the Prevention of Terrorism Act through Parliament. The act has remained on the statute book, subject to annual renewal, ever since. By awry coincidence of timing, the present Government received a report recommending that its central features should be translated into permanent legislation in the very week that the Birmingham Six's appeal against their conviction ended. The original trial judge, Mr Justice (later Lord) Bridge, described the evidence against the six as the "clearest and most overwhelming" he had ever heard. But attempts by the most ordered the later possible of the Court of Appeal the Remembrance of the Court of Appeal against their conviction ended. The hearing before Lord Lame and his fellow judges heard claims which have become

But in a day-long judgment yesterday, Lord Lane remarked that the longer the hearing had gone on, the more coovinced the court had become that the verdicts 13 years ago were cor-

scientist who subsequently took early retirement, which were said to show nitro-glycerine on the hands of the two men were Hawed. It was suggested that the test results could have been produced by nitro-cellulose from a pack of playing cards which the men had used. But Lord Lane rejected this yester-

Flood of

pension

plans likely

THE OCCUPATIONAL Pen-

sions Board is expecting tens of thousands of appli-cations from life companies

for approval of contracted-out money-purchase schemes (Comps) in the new pensions environment.

The board does not think it will be able to give formal approval to all applications by April 6, the start date of the penalons system brought about by the 1986 Social Security Act, but it has set out arrangements for interior attended.

for interim approval of schemes not processed in

#### Reshuffle at Allied Lyons Exchange technology ALLIED LYONS, the food and drink group, said yesterday that Sir Derrick Holden-Brown, its chairman and chief execuplans cut

tive, is to relinquish the role of chief executive in December. Mr Richard Martin, chairman of Allied Breweries, the brew-ing subsidiary of Allied Lyons, will be the new chief executive and a vice-chairman of Allied

The appointment was seen in the City as removing some uncertainties over a perceived succession crisis at Allied where Sir Derrick, 65 next month, has combined the roles of chairman and chief executive since he succeeded the late Sir Keith Showering in 1982. There will be several other management changes, including

Sir Derrick said yesterday that the timing of the appointment gave Mr Martin time to grow into the job of chief executive while the splitting of the two roles would allow the chairman to concentrate on

long-term strategy. Mr Martin, who has spent his working life in the brewing industry, was appointed managing director of Allied Breweries in 1984 after the resignation of Mr Douglas Strachan.

Mr Michael Jackaman, chairman and chief executive of

Sir Alex Alexander, vice-chairman of Allied Lyons and chief executive of J Lyons. He becomes group deputy chairman until his retirement.

Allied Vintners and Hiram Walker, had been tipped as a possible successor to Sir Derrick. Mr Jacksman, it was announced yesterday, will become a vice-chairman of Allied Lyons alongside Mr Mar-

Mr Roy Moss, joint managing director of Allied Breweries, will become the sole managing director upon the retirement of Mr. Tony Ward Norbury in

No succession plan has been outlined for Sir Alex although the board of J Lyons has been strengthened with three appointments: Mr Stephen Alexander, Mr Reith Jamieson

# Accounting rules under review

It said, however, there was no evidence that the widely criticised accounting rules have had any "significant economic effect."

effect."
Critics, many of them within the accountancy profession, claim that lax accounting rules have enabled companies to enhance their reported profit figures and have therefore had

ABOUT 250 redundancies are expected to be autounced today at the UK video cassette

recorder plant run by Thomson of France and JVC, the Japa-uese consumer electronics

whether companies should write off the goodwill arising from an acquisition immediately against reserves or over a number of years against profits, said Mr Michael Renshall, the committee's chairman.

Redundancies at video cassette plant

electronics group, from a production consortium which Officials at the UK end of the
shared ownership of the VCR consortium, originally called
operation up to a few weeks J2T, were not available for

stances, companies should be allowed to account for business

comment yesterday. But the company is due to make a statement in Newhaven today on the future of the British operations. These employ about 300.

Under a money-purchase arrangement, contributions paid into the pension arrangement are invested and the accumulated sun A REVIEW of the way companies account for acquisitions and mergers is to be issunched, the Accounting Standards Committee said yesterday.

It said, however, there was no evidence that the widely criticised accounting rules have had any "significant economic effect."

Critics, many of them within the accountancy profession, claim that lax accounting rules

and the accumulated sum used to key a pension at the time of retirement.

At present, money-purchase schemes are an additional arrangement to the state earnings-related pension: scheme (Serps) and cannot be used to contract out of it.

Under the set harmonic state of the set harmonic set of the s Under the set, however, they will be able to contract out under certain conditions. It is one of the functions of the OPB to approve

tions of the OfB to approve such schemes.

The OFB thought applications for Comps would number only hundreds and would relate to mainstream pension schemes for company employees. It over looked the use of Comps for executive pensions.

Many company executives have their own pension arrangements operating on a money-purchase basis and so may now contract out of Surps. The indications are that most will do so, but each scheme will need separate approval.

## group. The decision to hait volume maoufacturing at the shares in the consortium were shared out equally between Thomson and JVC, which appear to be concentrating their European production Another project which may escape the axe is a new design for Topic, the price distribution system. Decision on solicitors delayed

THE PROSPECT of solicitors

being allowed to anter into partnerships with members of other professions appears to be receding into the far future.

MR FRANCIS MAUDE, Corpo-

rate and Consumer Affairs Min-ister, yesterday published draft

regulations intended to prevent misleading price comparisons in shops. The regulations will be issued under the Consumer Pro-

tection Act 1987.

Mr Maude said: "Consumers will be able to understand the terms under which goods and services are being offered for sale and so will be able to make a more informed choice."

guidance committee, said yes-terday that it was not an urgent issue and that "recent developments" called for "some time for reflection."

receding into the far future.

The ruling council of the Law Society, the solicitors' governing body, had been expected to decide this month whether to change its rules to allow multidisciplinary partnerships.

Yesterday, however, the council deferred the issue until April. Even then it is likely to do little more than review the debate that has split the profession.

Mr Charles Elly, chairman of the society's standards and time for reflection."

He told the council mixed partnerships could not come about for some time. Even if the council decided in favour in principle, time would be needed for discussions with other professions and for legislation to be laid before parliament.

"That," Mr Elly said, "is clearly going to take some years to accomplish."

A number of council members expressed the view that other changes the Law Society is con-

only offer goods for sale at a reduced price if the previous "recommended" price has prevailed for a period of 28 days. The draft regulations say that the goods must have been on sale at the same place for the 28 days to qualify or the retailer must display details of where the goods have been on sale at the former price.

The regulations will define the recommended price to ensure artificial prices can be caught.

Price comparison rules

sidering could remove some of the pressure for mixed partner-ships. They included recommen-dations, approved by the coun-ell yesterday, to allow solicitors' firms to incurporate and to relax the present, almost total, ban on solicitors entering into arrangements with, for example, banks and building societies, for the introduction of business.

The response to the Law Soci-

of business.

The response to the Law Society'e discussion paper on mixed partnerships has shown that, by and large, they are supported by City and other London solicitors and opposed mainly by provincial firms

#### Labour council cuts spending

LABOUR-CONTROLLED Manchester City Council yesterday agreed a £110m package of spending cuts to avert the threat of bankruptcy.

Dozens of police and security staff were on duty at Manches-ter Town Hall for yesterday's council meeting following angry scenes last month.

services are being offered for sale and so will be able to make a more informed choice."

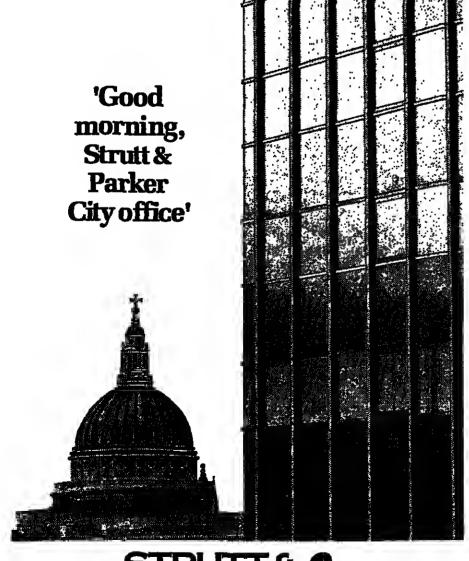
The draft regulations propose a tightening up of the "28 day rule" under which retailers can force on September 1 this year.

The regulations will define to make the recommended price to gathered to protest at the curs after unions called off an official protest following agreement that there will be no computer to the regulations can be caught.

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land but a lot of spare space.
What land is available tends
to be in small lots and the
space which does exist is in
configurations and places that
are not immedistely attractive for modern commercial:

The iand problem means that the city cannot readily accommodate outside demands for, say, a 10-acre site on which there could be a greenfield development. To meet such a demand, said David such a demand, said David West of the Bradford Economic Development Unit, "you have to buildoze the mills away or break the Green Belt policy. Politicians and public are not to keen on that."

This land constraint is one reason why the economic regeneration of the city and the subsequent increase in property values must come from indigenous growth. That, in turn, puts signifi-cance on the efforts to turn the city's Victorian properties

On the commercial side this means the proliferation of textile mills and warehouses. It means some of the civic

buildings associated with the textile industry in its heyday. Demolition has been ruled out. They are part of the heri-tage. So there are certain problems which have to be addressed. For industry today, commented Alan Ainsworth, a chartered surveyor the unemployment figures who has worked in Bradford have been heading downall his life, a four-storey textual wards: 15.5 per cent at the tile mill with an external end of 1985 to 11.9 per cent crane and a crumbling facade at the end of 1987. Yet this is is not worth putting much not a boom.

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When mills are a boon

Paul Cheeseright looks at Bradford's plans

And Mr West noted that the mills are often on top of each other, making the servicing difficult, the floor loading is low, and the space between the columns is often small so that access for modern machinery is difficult.

Modern production processes prefer to be on one floor so that where a mill is in use perhaps only one storey in six is used, he said.

The plus side of all this is that space is available for emerging business. Bradford Metropolitan Council bought Mantra House, the old Hattersley mill which went out of business in 1980, and converted it into 70 managed workshops. Independent entrepreneurs have done the same thing with other mills.

But there is a limit to the try to a variety of small industries is not the whole answer to the Victorian property problem. The response has to be more diverse. Some has to be more diverse. Some mills have been used for sheltered housing and non-food retail warehousing. But the approach adopted both by private sector developers and the local anthority is dependent on growing personal disposable income.

Two examples from the central city. First, the Wool Exchange, which only 20 years ago would have been full of traders dealing in its vaulted hall. Classified as one of the best Victorian adopted. of the best Victorian adapta-tions of the the thirteenth century Gothic style, this is to be restored at a cost of about £3m by Haden Refurbish-But there is a limit to the amount of small business units that can be absorbed by the market. It is agreed that business confidence has been ments and North Yorkshire

Securities. Second, Little Germany, a conservation area of 20 acres with 88 buildings which has been drawing in Urban Devel-opment Grant and English Heritage funds. This is where the wool merchants had their

Progressively the area is being cleaned up, the solid Victorian facades are being cleaned to reveal the warmth of the Yorkshire sandstone.

The buildings are being converted by different property companies and owner-occupiers into flats, offices, shops, restaurants and light industrial works. Rents for refurbished offices run up to £4 a square foot, said Mr Alnsworth. In Leeds equivalent properties would rent for about £6. about £6.
These two developments

come on top of the restoration of the old Alhambra theatre at a cost of £9m, by the local authority. They run in tan-dem with refurbishments of their respective central city their respective central city retail properties by Prudential Portfolio Managers and Pembroke. They coincide with the development of a new shopping centre by Psngap and the likely development by Arrowcroft of another retail and leisure complex. This last is close to the Nstional Museum of Photography, Film and Television.

Bradford, in short, is nin-

Bradford, in short, is pin-ning a lot of faith on the con-tinued ability of people to spend money and its own sbility to make itself an interest-

ing place in which to do it.
The splurge of development is the first for over 15 years. The last office development of any size in the city was in the early 1970s. But the growing development interest is not accompanied, it appears, by much growing institutional investment inter-

Financing, rather, tends to come from bank lending. For Mr Houlston, this is not neces-sarily a bad thing. "The funds are great when the winds are blowing fair", he argued. "One minute they're here, the next

A cultural revolution at Saltaire

JONATEAN SILVER made fortune out of clothing shops by his 29th birthday. It might take longer to do the same at Salts Mill, Saltaire, near Bradford.

The mill was purpose-built in 1863, in the neo-Italian-ate style, and surrounded by a model village. Mr Silver bought the 1m zq ft mill, probably for around £1m, from Illingworth Morris.

The new uses, which "can produce sufficiently high rental income to enable the building to be kept in the manner to which it is accustomed", are leisure, entertainment, chopping and

Steps taken so far by Mr Silver are to give the Victo-ria and Albert Museum 100,000 sq ft at a pepper-com rent to house its South Asian collection and to devote 10,000 sq ft to a permanent David Hockney exhibition. Opera North is mounting a community production at the mill. But all of that herein dents the of that barely dents the available space.

Clearly the main financial support will come from the retail side. There is also some industrial use

\$20m and he sees no prob-lem in raising private sector



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(2) The conduct of W Stavenson & Sons in regard to the order of priority in which fish is sold in the Newtyn Fish Martet.

(3) Whether any such conduct as is mentioned at (1) and (2) above restricts, distorts or prevents competition in consection with the supply of ligh at the Herslyn Fish Martet.

If you have any information which you consider would help the Director Gen-eral, please write to:

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Company Notices

BB BANCO DE BILBAO

#### ANNUAL GENERAL MEETING **OF SHAREHOLDERS**

The Board of Directors of BANCO DE BILBAO S.A., in the presence of its legal adviser and in accordance with the Company's statutes and with current Companies Law, has resolved to call a General Meeting of Shareholders to take place at 12.30 p.m. on Saturday 20 February 1988 at the Cine Capitol, Villaging 10, Bilbook Seain.

The Meeting will be held for the following purposes:

i. To approve the Annual Report, balance sheet, profit and loss account, proposed distribution of profit, shareholding auditors' report and directors' report, all relating to the 1987 financial year.

To make and/or confirm appointments to the Board of Directors.
 To appoint shareholding auditors for the 1968 funancial year.

To make and/or confirm appointments to the Board of Directors.
 To appoint shareholding auditors for the 1968 financial year.
 To approve the continuation of the fiscal consolidation of Group accounts.
 To approve the continuation of the fiscal consolidation of Group accounts.
 To authorise the Board of Directors to increase the share capital of the Company by one or more issues, on terms it deems appropriate; by bonus and/or rights issues, subject to payment in each or for consideration other than cash, in accordance with articles 88,94 and 96 of the current Companies Law, and to amend article 4 of the Company's statutes as necessary.
 To authorise the Board of Directors to issue, subject to current legislation, bonds and/or secured and/or unsecured loan stocks, in pesetas and/or other currencies, convertible totally or partially into shares of the Bank or of any other company, on terms the Board may deem appropriate, and to amend article 4 of the Company's statutes as necessary.
 To amend articles 13, 21, 29, 32 and 62 of the Company's statutes.
 To read and, if it be the case, to approve the Minutes of the Meeting.
 The absence of the special quorum required for certain items of the agenda will not detract from the validity of discussions, approvals and resolutions in respect of the remaining items.
 The Annual Report, accounts and shareholding anditors' report referred to in paragraph (1) above will be available for inspection by shareholders at the registered office of the Company during the period of 15 days poor to the holding of the General Meeting.
 In order to attend the General Meeting and to be able to speak and vote at the smite, members must hold a minimum of 10 shares duly recorded in the Company's statutes. Shareholders wishing to a share and the General Meeting may request an attendance and voting by proxy will be in accordance with the Company's statutes. Shareho

Bank, at least two days in advance of the date of the Meeting. Holders of Depositary Receipts to Bearer (IDR's) wishing to exercise their voting rights in respect of the shares represented by the receipts held by them are reminded that in accordance with clause 14 of the terms and conditions they must lodge their receipts with Hill Samuel & Co. Limited by 4.00 p.m. on Wednesday 17 February 1988 or with Morgan Guaranty Trust Co. of New York, Brussels, by 4.00 p.m. on Tuesday 16 February 1988. Voting rights may be accessived only in respect of depositary receipts representing ordinary wheres be exercised only in respect of depositary receipts representing ordinarys duly recorded in the Company's share register five days before the dethe Meeting.

Hill Sammel & Co. Limited, 45 Beech Street, London EC2P 2LX

LEUMI INTERNATIONAL INVESTMENTS N.V.

HOLDERS OFTION TO 1993
The Interest rate applicable to the above notes in respect of the six month particle commanding Friday 25th January 1968 has been fixed at 74% per arrunt.
The interest amounting to US 537-92 per US \$1,000 pmclopal amount of the Notes will be paid on Friday, 25th July 1988 against presentation of Coupen No. 30. BANK LEUM TRUST COMPA OF NEW YORK

Principal Paying Agent במק לאופי inuni במק לאופי AIP FINANCE N.Y.

bank leumi שמל ממר bank leumi

# FT LAW REPORTS

# Arbitration for reinsurance dispute

OVERSEAS UNION INC V AA MUTUAL INTERNATIONAL

Queen's Bench Division (Commercial Court): Mr Justice Evans: January 21 1988

DISPUTES UNDER am oral agreement allegedly form-ing part of or collateral to a written reinsurance agree ment can be referred to arbitration if the arbitra-tion clause in the written agreement, on its true con-struction, is not confined to disputes under the written terms only, but covers all disputes concerning the action as a whole

Mr Justice Evans so held when granting an application by the defendant, AA Mutual International Ltd ("the subsidiary") for stay of an action by Overseas Union Inc, a Singaporary company

gapore company.
HIS LORDSHIP said that AA
Mutual International was the
subsidiary of a South African insurance company, and car-ried on its London business. The subsidiary and its parent authorised insurance underwriters to act on their behalf. The underwriters similarly acted for Overseas

The parent needed to provide the subsidiary with fur-ther capital for the London business. The need could not be met without obtaining exchange control permission from the South African gov-

As a result an agreeme number X1001, was made by the subsidiary and by the underwriters on behalf of Overseas. Overseas undertook to pay all claims against the subsidiary in excess of £150,000. In that way the subsidiary was safeguarded from having to obtain further capital on account of any excess. The premium was \$20,000 and the proper law was English.

An arbitration clause pro-vided that all disputes and differences in respect of the reinsurance should be referred to arbitration in Lon-

On the same day a back-toback agreement was made between Overseas as reinsured and the parent company as reinsurer. It was signed by the parent com-pany, and by the underwrit-ers for Overseas. For the same premium the parent company undertook to pay Overseas "all amounts paid by it in respect of reinsurance

agreement X1001" and to indemnify it for losses arising out of that contract.

The Court of Appeal affirmed that whether a dispute fell within an arbitration clause

object was to overcome whether there was or was not exchange control difficulties. a valid contract under which, it would not be required as if it existed, their purisdiction reinsurer to pay the subsidiary before receiving payment to disputes as to whether from the parent under the was initially a valid contract had been avoided or

tion. Overseas commenced proceedings claiming a declaration that it was not liable to

pay. It said there was an oral agreement between the sub-sidiary and the underwriters that Overseas would not be dation. It relied on the oral meaning of the words.

agreement as a complete The Ashville case made it agreement as a complete defence.

the action to be stayed pursuant to section 1 of the Arbitration Act 1975. Section 1 provided that if a party to an arbitration agree-

ment commenced legal proceedings, the court should. order a stay of those proceed-ings, unless satisfied that the greement was mull and void. Overseas said the alleged oral agreement was an implied term of the reinsur-ance agreement. Alternatively it said there was a separate or collateral contract alongside the whole of the agreement, it claimed rectification so as to

It conceded that the dispute regarding an implied term was within the scope of the arbitration clause, and must therefore be referred to arbi-tration. But it denied that the other two claims should be

express the alleged oral

tion had to be referred to arbitration. In Ashville Investments v

Elmer Contractors Ltd (1987) envisage that all disputes con-10 Construction Low Reports cerning the transaction gener-

That was subject to the rule that arbitrators could never Overseas explained that the have jurisdiction to decide

second agreement.

The subsidiary had a claim under agreement X1001 Beyond that rule, the question was always one of construction. That meant that reported decisions in earlier cases were not necessarily binding unless, exceptionally, the relevant words and cir-

comstances were the same.

Even then, the binding nature of the earlier decision that Overseas would not be nature of the earlier decision required to pay the subsidiary until it had received the the court in the later case, amount from the parent. It had not received payment and the parent was now in liquisation as to the natural and proper decision. It relied on the cast manufactor the way of the way in the cast manufactor the way in the cast manufactor the way in the cast manufactor.

possible to view earlier The subsidiary applied for authorities in a proper per-ne action to be stayed pursu-spective and to consider the scope and effect of arbitration clauses without restric-

> A broad distinction might be drawn between clauses which referred to arbitration disputes regarding rights and obligations created by the contract itself, and other clauses which showed an intention to refer some wider class of dispute.

> It was also important to take account of the whole of the relevant words or

spect of this reinsurance." "Disputes or differences". meant disputed ciaims together with any wider meaning which might be derived from the use of differences" as well as "dis-putes". The context was a referred.

The first issue on the present application was whether the claims concerning collateral astronomer and residual astronomer as a second residual ast eral agreement and rectifica- trators to have no jurisdiction outside the written terms, and there were good commercial. reasons why they should

The clause in its context did That further agreement was was primarily a question of the clause include the disputed claims, therefore a retrocession to the South African parent company of the risks which the the particular case.

That was subject to the rule alternatively as to a collateral that contract on the clause include the disputed claims, not only that there was an implied term of the remaining ance agreement, but also alternatively as to a collateral

contract or rectification. The second issue on the application concerned the legality of the arbitration

Overseas said the tra tion infringed South African exchange control regulations, so that it was illegal and void, and therefore upenforceable.

The burden of proof was on Oversess to satisfy the court that the agreement to arbi-trate was "null and void" within section 1(1) of the Act.

It said the two reinsurance agreements were together a device simed at misleading South African authorities and South African authorities and concealing an unauthorised and fliegal payment by the parent to the subsidiary. It relied on article 8(2) of the Bretten Woods Agreement, contending that as an unauthorised exchange contract the agreement was wholly unenforceable under English law.

Overseas took no account of the fact that South African regulations expressly authorised payments made by a South African reinsurer under a reinsurance treaty. The reason why the reinsurance agreements, if a device, would be successful, was that for such agreements permission was not required.

The fact that payments under the agreements might avoid the need for the subsidthe written agreement; or, if phrases, not merely the indicate its UK capital contrary to its primary content was intended to embody parts.

The written agreement; or, if phrases, not merely the indicates the intended its UK capital contrary to its primary content words or phrases below statutory requirements tention the reinsurance agreement which were their component and so might achieve the parts. The material words in the to provide further capital, present contract were all dis-putes and differences...in they were lawful or not.

It was a lawful method of achieving a lawful result the payment of reinsurate moneys without exchange control permission, which they did not require. The con-tention that the reinsurance nt was null and void was rejected.

The application succeeded. For Overseas: Julian Flaux (Holman Fenwick & Willan) For the subsidiary: Jonathan Gaisman (Macfarlanss)

By Eachel Davies

# **International Property**

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RATE NOTES 1994
The inferest rate applicable to the above Notes in respect of the period commencing 29th January 1988 will be 81%, per amount. The inferest amounting to US \$203.80 per US \$5.000 principal amount of the Notes and to US \$407.60 per US \$10.000 principal amount of the Notes and to US \$407.60 per US \$10.000 principal amount of the Notes will be paid on 29th July 1988 against presentation of Couper No.2.

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NOTICE OF REDEMPTION

#### **IBM Credit Corporation**

U.S. \$200,000,000

Extendable Notes Due March 1, 2000

NOTICE IS MEREBY GIVEN that pursuant to the provisions of the Fiscal and Paying Agency Agreement dated as of October 1, 1984 between IBM Credit Corporation (the "Company") and The Chase Manhattan Bank (National Association) (the "Fiscal Agent"), the Company has elected to exercise its option to redeem all of the Company's Extendable Notes Out March 1, 2000 (the "Notes") pursuant to paragraph 7 of the Notes, on March 1, 1988 (the "Recemption Date") at a redemption price of 100% of the principal amount thereof (the "Recemption Price). On the Redemption Date, the Redemption Price will become due and psychiation the Notes and will be paid upon presentation and sumender of the Notes, together with all appurenant coupons maturing subsequent to the Redemption Date, at the paying agencies. Issee below On and after the Redemption Date, interest on the Notes will case to accrue.

Coupons which shall mature on, or shall have matured price to, the Redemption Date, should also be presented and surrendered for redemption at any of the following paying agencies:

The Chase Manhattan Bank, N.A. R.O. Box 440 Woolgate House, Coleman Sirvet Landon SC2P 2HB, England

Chase Harbetten Bank Locambourg, S.A. Coin Boulevard & Grand Rue CP 240 Berliner-Handele and Frankfurter Benk ockenheimer Landstraum klurt, am Main 1, West Germany

Mederlandse Credielbenk, N.Y. Herengracht 456 Amsterdam, The Netherlands

IBM CREDIT CORPORATION

Chase Munhattan Bank (Switzs Poetlach 162

SPONSORED SECURITIES

					1		
Low	Company	Price	Change	de (p)	%	PIE	
133	Ars. Brit. Incl. Ordinary	186	+1	8.9	4.8	7.0	
		288	0	20.0	53		
		26	+1	-	-	-	
		55	0	21	32	2.3	
		156	0	2.7	12	24.5	
		145	+1	4.7	3.2	11.6	
				21.5	43	63	
				153	11.8		
				5.4	41	11.5	
				10.7	106		
			_		22	44	
				3.4	37	20.2	
		335					
		67					
	133 145 25 40 108 95 130 99 130 91 87 68 99	Low Company  233 Ars. Brit, lant. Ordinary  25 Armitage and Rhodes  40 BBB Design group (USMD)  106 Bardon Group  95 Bray Technologies  130 CCL Group Dridsory  99 CCL Group 11% Conv.Prol  230 Carbonwahan Ordinary  91 Carbonwahan Ordinary  87 George Balar  68 Isis Group  99 Jackson Group  300 Markibouse NV (AmstEE)	133 Aes. Brit, lad. Orcheury	123 Aes. Brit. ind. Orderry   186   +1     145 Aes. Brit. ind. CULS   188   0     25 Armit Design group (USAD   55   0     108 Bardon Group   155   0     156 Bray Technologies   145   +1     130 CCL Group Orderry   247ml   +1     190 CCL Group 11% Conv.Prof   128   0     120 CCL Group 11% Conv.Prof   101   0     120 CCL Group 11% Conv.Prof   101   0     120 CCL Group 11% Conv.Prof   101   0     120 Carbornachum 7.5% Prof   101   0     120 CCL Group 11% Conv.Prof   102   0     120 CCL Group 11% Conv.Pr	Low   Company   Price   Change dir (p)	Low   Company   Price   Change dir (a)   %   133   Aes. Bril. jant. Ordinary   126   +1   2.9   4.8   245   Aes. Bril. jant. Ordinary   126   +1   2.0   4.8   26   1.0   2.1   27   27   27   27   27   27   27   2	Company

24 44 45 34 94 43 68 47 116 38 114 74 23 42 139 on hose colors of the first set stage of (1821) has (32) betweelesh rolls Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMERA

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#### **APPOINTMENTS**

# Management reorganisation at TI Group

Following the acquisition of John Crane US, TI GROUP has created a new management structure for its worldwide mechanical seals group. Mr Management appointed as a main board director of TI Group and as president of John Crane International. Mr Alamed Mr Peter Shirley and Mr Peter Shirley and Mr Alamed Mr Alamedow Binds, has been appointed to the BRITISH of GROUP. He is vice chairman of the BRITISH of Great Southern's parent company J.D. Field & Sons.

Appointed as a main board director of TG Group and as president of John Crane International Mr Radcliffe was depointed Mr Peter Shirley at Guardian Royal Exchange and director of Mr Shirley was a partner chairman of the INSTITUTE OF at Henderson is and Ma Anthes Skilbeck director and underwriter of the Henderson of the Shirley was a partner chairman of the INSTITUTE OF at Henderson is the Wolly-owned investment management of Tust. Mr Gillows Mr Alam Mr Henderson is appointed by the world of the West and Mr Henderson is a director of Merchant. In Mr Henderson is the Wolly-owned investment management of Tust. Mr Gillows Mr Alam Mr Henderson is appointed the world of the West and Mr Henderson is at Guardian Royal Exchange and director of Merchant. In Mr Graham and director of Merchant appointed director of Scangement Management management with particular responsibility for company development. Mr Henderson is chairman and chief executive of Newmarket of Newmarket with particular responsibility for company development at II Group, has been appointed chairman of Prime Chairman.

Mr W.G.E. Mills, assistant Penline Chairman Q. Buck and Mr Penline Chairman And Mr Clive Gilchrist and Mr Henderson is the Chairman of the BRITISH H appointed president of John Crane, Western Hemisphere (incorporating Canada, US, Central and South America), based in Chicago. Mr George E. McLanghlin has become presi-dent, John Crane US, which includes all US sales and distri bution operations. He will con-timue as vice president, market-ing, Western Hemisphere, based Chicago. Mr Jeremy C. Watts has been appointed man-aging director of John Crane Europe, Middle East and Africa. He will continue to based at Slough. Mr Karl Uth has been appointed as president, John Crane Far East and Asia and will be based in Singapore.

will be based in Singapore. STERLING BONCRAFT has appointed Ms Disume Thomp-son as marketing director. She was general marketing man-

BAUTEIL HOLDINGS has appointed Mr Bruce Mcleod as its managing director. He was managing director of Righlast Group.

BRITANNIA REFINED MET-ALS, the wholly-owned subsid-iary of M.I.M. Holdings, has appointed Mr Giles Irwin a non-executive director. He is financial director of the F.R.

Mr Roger J. Allen has joined HANIEL TRANSPORT as direc-tor in charge of airfreight activitles at Air Haniel. He was Pan-dair Freight's regional director for Europe, the Middle East, Africa and the Far East.

Mr R.B. Stracken has been made a non-executive director of the WARD GROUP. He was group managing director of the Hargreaves Group.

VIEWPLAN, a part of the Trilion Group, has appointed Mr be Richard Glossop as managing pl director. He was managing director of IMHOF, a subsidiary

BENTLEY ENGINEERING has bury as sales and marketing

DCE has appointed Mr Mike Badden its managing director. He comes from DCE Volces Pty,

in Sydney, Australia. At RENOLD CHAINS Mr John
Pugh has become managing
director in succession to Mr
A.G. Harrison. Mr Pugh was
managing director of Renold
Conveyor at Burton-on-Trem.

Mr Michael Rosenberg has joined the board of SCINTRO-NIX as non-executive chairman. He was deputy chairman of United Medical Enterprises.

Mr J. Nicholas Oppenh to rejoin the board of KEL-LOCK, the Bank of Scotland factoring and invoice discount-ing subsidiary. Mr Oppenheim director of MYTON, a member was instrumental in the four-of the Taylor Woodrow Group was instrumental in the foun-ding of Kellock in 1976 and was chairman when Bank of Scotland acquired a minority share-holding in 1981.

Mr Padraic M. Pallon has been appointed to the board of
ALLIED IRISH BANKS. He is
managing of Euromoney Publications and a director of Associated Newspapers Holdings.

International west and a director of Associated Newspapers Holdings.

Mr Charles Low has been appointed general manager of subsidiary Ryan Kelteca.
DEUTSCHE BANK AG London

Mr Andrew Nellson has been Lifts, a subsidiary of Ocis.



lows the decision by Mr D.M. Rogers to relinquish the posi-tion of managing director whilst remaining chairman of the company.

been appointed non-executive chairman of the newly-formed

branch. Mr Low joined Deutsche Bank in 1986 as director Forgemasters company, has of the Duisburg branch. He appointed Mr. Cairford Webb replaces Mr Lutz Mellinger its managing director. He was who will be returning to Germany later this year.

Trust, the principal institu- planning.

Health.

Mr W.G.E. Mills, assistant
Mr Graham Q. Buck and Mr
Mr Julian Cousins has been managing director, has been appointed a director of all the made managing director of of GREENWELL MONTAGU operating subsidiaries of FIVE METON, a member of the TayOAES INVESTMENTS.

DCE has appointed Mr Mike

PB LEASING, part of the Pitney Bowes Group, has made the fol-lowing appointments: Mr Rob-ext Chris, finance director, has been promoted to the newlybeen promoted to the newly-created position of business development director. Mr David Hamilton-Smith joins' the board as finance director having previously been finan-cial controller. Mr Don Ash-ford, internal divisional man-ager, has been appointed operations director.

Mr Humphrey Mews has been appointed chairman's office director at MAXWELL COMMUNICATION CORPORATION from March 28. He was deputy private secretary to the Prince and Princess of Wales.

CARDIFF BAY DEVELOPMENT CORPORATION has appointed Mr Duncan Syme its commer-cial director. He has been with East Kilbride Development Corporation for the past 16 years.

Following the recent formation by BANK MEES & HOPE of a wholly-owned UK subsidiary Mees & Hope Securities Holo-ings, Mr E.E.G. Gardner has been appointed its compliance

SMITH KLINE & FRENCH LAB-ORATORIES has made the folwho will be returning to Germany later this year.

Hydraulics.

Hydraulics.

Who will be returning to Germany later this year.

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Hydraulics.

Kiddall, vice president and general manager, UK and Ireland, becomes its finance director. Mr Rollo Barnes has become director in charge of plantations.

MARKETS, based in London, as include the Middle East, Africa, co-directors of the newly-cracated North American equity are denoted by the following changes: Mr Stewart S. Siddall, vice president and general manager, UK and Ireland, becomes vice president, UK group. This new role will include the Middle East, Africa, co-directors of the newly-cracated North American equity alegant ment. production director, is named to the new position of vice presi-Mr. Andrew Nellson has been appointed managing director of ABERDEEN FUND MANAGERS, dent, operations. Mr Philip G. BEYAN DONKIN, a Hopkinsons has appointed the following to House, director, finance and Holdings company. He was the board of the holding group: administration, has been manufacturing and construction director of Evans and Becker Philip Henderson from Ensign vice president, finance and Lifts a subsidiary of Otic.

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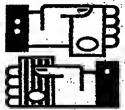
## Rabobank 🞏

The Art of Dutch Banking

# In art, as in banking, a clear concept can make all the difference.

The Dutch artist Mondriaan spent more than 20 years refining a style of painting he called neo-plasticism. Similarly, Rabobank carefully defined and refined its own style of banking. As the Dutch economy and industry grew, so did Rabobank, becoming the largest domestic bank. Today, with total assets of US\$ 75 billion Rabobank is one of the top 50 banks in the world, with offices in major financial centres and point around the globe, active in financing agribusiness, commodities and in every aspect of international banking. And we still have our own clear, long-term view of client relationship. based on commitment, dedication and trust

# **FINANCIAL TIMES**



130 Part 20 184

The second secon

The crash is unlikely to destroy the new

popularity of auctions. observe David Lawson and Janice McKenzie.

although caution is the watchword after some heady times last year. In 1988, when property is likely to out-perform equities, bookings seem

# Respectable enthusiasts

when the lights failed at a central London anction a few months ago, it seemed like an omen that dark days were back in the sales rooms. Only three days had passed since Black-Monday when the stock market crashed, and the crowd looked sparse when the delayed hidding got going by candlelight.

But the best property sold and the rest was soaked up within a week. It will apparently take more than a mere stock market crash to destroy

to support optimsm.

stock market crash to destroy the new enthusiasm that is infecting the auctions busine Strangers had swarmed into sales rooms during the heady days of 1987. Doctors and MPs jostled with Asian traders for good positions in the front row; developers found themselves looking over their shoulders for bids flying in from fund manag-ers and other big investors. And prospects for this year seem surprisingly good, if the

amount of property being booked for anction is anything to go by, although the hardened, professionals are preaching

Whatever the mood, selling by auction will reap the benefit of a new respectability gained in the last few years. It is no longer the dumping ground for forthcoming, raising millions property with structural probiems or too poorly located to so firmly fixed in the public

pieces they no longer wanted. And selling at auction saved all the bassle of long, drawn out negotiations.

reinforced by public bodies like value. British Telecom, which have It or gladdened the hearts of many a developer and investor by cashing in on spare bits of property. BT shareholders would be just as heartened to see mooey rolling in for batches of redundant exchanges in anything from huts on Scottish islands to an old church,

British Rail has been equally forthcoming, raising millions from surplus land sales. When



# **Auctions**

eye, these bodies see anctions as the best way of showing the Meanwhile, soaring house as the best way of showing the prices pushed up residential world they are getting the maximum, and owner occopiers. And the auction house is probacaught on to the idea of picking up bargains for their own use.

Traditional sellers were are inherently difficult to reinforced by walkie best ways.

> It can also help to pull a shy buyer out of the woodwork. One of the lots offered in Conrad Ritblat's first leisure auction in September was the harboorside village of Charlestown, in Cornwall, traditional fraternity," he says. almost impossible to valoe They are attracted by the fact

was snapped up for £2.6m. Bot nervousness was oot common at the increasing num-ber of auctions being held to meet demand. Mr Clive Carpenter, of Allsops, one of the leading anction houses, points to widening popularity that has brought new faces to the fore among the wheelers and

because of the mixture of that investment property can vacant property, working port, take up relatively little of their hotel and tourist complex. Nervousness held back bidding, but after the acction there were fund managers buying as well hasty second thoughts from the second second thoughts from the second second thoughts from the second se

most substantial groups at All-sops' auctions were Asians, who took almost a third of the over to more than £460m. Mr Carpenter.
All this activity has multi-

record with a \$55m auction in December, and more than doubled turnover in 1987. It sold 35 lots worth more than \$1m each last year, while three went prior to auction for more than \$6m each.

The picture is similar among that post-crash power failure, other agents. The London Auction Mart, used by 20 top London auctioneers, including "We were faced with the

product has improved. The Healey & Baker, Jooes Lang purchases. But a fifth went to over to more than £460m. Healey & Baker alone sold more overseas funds; and tenants have also become a force, taking 10 per cent of all sales, says Mr Carpenter. All this activity has multi-firms tell a similar story on a plied turnover and agents' smaller board: Kent-based Walincomes. Allsops broke its own ter & Randall, for instance, almost doubled sales to £6m in

> The big question must be whether the figures can be repeated in 1988. Mr Simon Rigall, of Conrad Ritblat, who was thrown into the dark by

four auctions.

#### CONTENTS

Shops Industrial property

A more pessimistic view came from Mr Benjamio Tobin, of Strettons, who saw the market becoming jittery towards the end of 1987.

"Yields for good ahop investments have fallen and show every sign of cootinuing to fall," he said. "A shop in a local parade in Chadwell Heath

fall," he said. "A shop in a local parade in Chadwell Heath, Essex, let to Dewhurst, sold in our October auction for a yield of 4.12 per cent. But there is every indication that dealers are oervous, although less sophisticated purchasers – particularly those buying for occupation – seem to have no qualms about offering higher prices."

Caution is obviously the byword this early in the year from most auctioneers. But

London Auction Mart.

market may have crystallised the minds of alert purchasers to

the greater attention the insti-

Plant and machinery

1 Illustration: Ellis Nadier

extraordinary case of a Wool-worth store with a reserve of \$30,000 not getting one bid," he says. But it sold later, and he was not sure how much of tha bidders' retlcence wae the result of the crash and how much of waiting around for the candles to be lit.

A more pessimistic view came from Mr Benismio Tobin. of important factors: the fact that success breeds success. As long as confidence in auction sales runs high, it brings in even more business.

But a few of the old shadows may still have to be fully dispersed before that confidence is universal. Suspicions about "off tha wall" bidding remain close

tha wall" bidding remain close to the surface, shown when the Office of Fair Trading was called in after a trading standards officer had challenged an auction held for Millrain Property at Southend last July. "The room was full of sellers," said Mr Ron Parrish, of auctioneers Folkard & Hayward, afterwards. "There were no genuine wards. "There were no genuine bids except on the properties which sold. Millrain said there

had been a complaint from someone in the room that the auctioneer had been taking bids off the wall. It shows that peo-ple do complain, although it is in the general conditions of sale that we can bid on behalf of the

Mr Parrish had no case to answer, but said that one day the OFT was going to take such a complaint further.

The problem seems to lie in the interpretation of the conditional problem. many of the factors which should hold up the wider property investment market can be used in favour of auctions. "The evidence eloce Black Monday suggests that demand for real estate investment has been fortified by a number of factors," says Mr Peter Winfield, senior partner of Healey & Baker and chairman of the tions of sale, which allow auctioners to bid for the seller - in other words, take them "off the wall" - but not to make consecutive bids.

The London Auction Mart bas quietly produced guidance notes, but these involve a very small, albeit powerful, number of the UK's agents which use the Connaught Rooms in Great Queen Street. And some of these firms are drifting away to find their own sales rooms, so Property is likely to out-per-form equities for the first time in five years. This should par-ticularly draw in financial institutions that have allowed the proportion of their investment portfolios devoted to property to fall below 10 per cent. the rules are applying to even fewer auctions.

Meanwhile, the private buyer who deserted property for equities has suddenly found that the illiquidity argument usually the introduce an effective code of practice for themselves rather than used against property applies equally to stocks and shares

have the OFT coming in with guns blazing.

Things have gone quiet lately, which may be the result of good practice. But auctioneers will have to know a close worth that when market makers are unavailable, that offer and bld margins are too wide, and that buying is restricted. Bookings for 1988 seem to have to keep a close watch that financial success does not back op the optimistic view. Edward Erdman's catalogues degeograte into complacency. Ooe well publiclsed slip up are full until April, according to a disproportionate Mr John Townsend, confirming smount of damage to the confishis feelings when his last two 1987 auctions left only a couple of unsold lots.

"Prices generated for the majority of lots make us feel the cowboys are kept out, there exemt no meson why are the company of t of unsold lots.

Prices generated for the majority of lots make us feel the uncertainties of the equity

there seems no reason why auc-tions should not continue to grow in size and number. Nor will the Sooth East take all the jam. Sales are starting up in tutional sector may pay to the Nottingham, Manchester, Bir-solid performance of property," mingham and Liverpool to give e says.

Perhaps Mr Richard Pryce, to save sellers having to send Healey & Baker's aoctiooeer, all their material down to Lon-locked on to one of the most don.

# BRITISH RAIL PROPERTY BOARD 🗻 THE LONDON BOROUGH OF WANDSWORTH THE RECEIVER FOR THE METROPOLITAN POLICE DISTRICT PUBLIC LIMITED COMPANIES; PRIVATE COMPANIES; EXECUTORS; TRUSTEES: MORTGAGEES AND OTHERS **A MAJOR** TWO-DAY **AUCTION SALE** OF 220 LOTS RESIDENTIAL AND COMMERCIAL PROPERTIES FOR OCCUPATION AND INVESTMENT TOGETHER WITH FREEHOLD LAND AND FREEHOLD/LEASEHOLD GROUND RENTS TO BE OFFERED FOR **SALE** BY **PUBLIC AUCTION** IN **LOTS** (UNLESS PREVIOUSLY DISPOSED OF) ON **TUESDAY & WEDNESDAY** 16th & 17th FEBRUARY 1988 COMMENCING 1.00 p.m. EACH DAY THE KENSINGTON HILTON HOTEL, HOLLAND PARK AVENUE, LONDON W11



Almost every house and piece of land was snapped up at auctions across the UK last year

# Owner occupiers brave the sale rooms

turbed the surface of unchang-ing banter at a typical Eastenders pub last year, when the scmi-derelict house nearby sud-denly sprouted a big red sign. Some pin-suited outsider had obviously made a gross error in offering the mouldering pile for

Sweepstakes were hastily concocted to guess the price in pence, and the landlord decided to go along to offer to take it on as a store for empty bottles. He chance to the came back chastened enough to silk purses.

for offices. The exceptions to this are those properties which

tenant is the London Borough

of Barnet, and there is a rever-

and squabbles broke out when the woman who had been allocated a guess of \$500 claimed sale price but still \$35,000

astray.
This was one small reflection of a year when almost every house and piece of land was snapped up at auctions across the UK. Inner city houses were in particular demand as yuppies and builders fought for the charge to turn sow's ears into chance to turn sow's ears into

Office property

**Exceptions to a rule** 

It helps, of course, to have financial groups buying chains of agents that feed into their auction divisions houses that have been sticking on the market. For instance, Wards, a

JACQUELINE Murphy is the third generation of her family

to become a property auction-

eer.

In December, when she took the rostrum for the first time at the London Auction Mart, watched by her father, Clifford Murphy, an auctioneer for more than 30 years, she used an ivory gavel that had been presented to her grandfather.

Jacqueline, who is 26, started

Jacqueline, who is 26, started her training with her father's

firm, Hillyers, before joining Polkard & Bayward's auction

In her family's tradition

favoured by owner occupiers in central London soured even fur-ther, rising 35 per cent in 1987, says Robin Cripp, of auction-eers Barnard Marcus.

Bigger houses tend to be the preserve of the builder who can afford to put down an immedi-ate 10 per cent and find a com-

ate 10 per cent and find a com-mercial loan to do a break-up into flats. Runaway price infla-tion in buildings without plan-ning permission for conversion, however, seems likely to mod-ify this year as some caution filters down from the stock market problems.

The crash seems to have had

But the good stuff is still sell-south-east London, where 90 ing, says Mr Cripp. Investors per cent of homes are in council are jostling for tenanted propownership.

Five years ago an owner occupier was a rare alght in an auction room. Today they are more courageous, helped by easier finance and quick mortage decisions to snap up unimproved houses from under the noses of builders as a way into areas they could not otherwise afford.

It helps, of course, to have leading auctioneer in Kent, slowed in the South-east at the taken over by the Prudential, end of 1987, in line with the few thousand pounds in tenders, when they might have other regions except Lancashire other regions except Lancashire and £15m raised from some 300 recorded gains, according to Bob Senn of Property Auction

Bob Senn of Property Auction

Guide, which tracks sales across the country.

Demand for building land has shown no tall-off, says Richard flower.

It helps, of course, to have

Demand for building land has shown no tail-off, says Richard Auterac, of Jones Lang Wootton, which celebrated another profitable year, helping British Rail to dispose of unwanted acres. The average price for developable land in nine sites auctioned for BR last year reached £688,000 per acre, a 75 per cent increase in three years

But this pales beside the \$1m an acre that a national house-builder paid for the developable land on old sidings in Ealing, west London, in what JLW believes to be a British record for a single auction lot.

Even in less salubrious areas. little general impact so far, other than to cause a rush of bright future for house prices, overpriced investment property on to the market in December. 13 acres in New Cross Gate,

are jostling for tenanted property just as energetically, perhaps reflecting that bricks and mortar are a safer bet than equities.

Building land is commonly sold at auction because of the difficulty of valuing in a rising market. Builders seem to like Price rises for vacant houses the practice because it save

favourite as London's nonventa-riche swarm out to make a non-sense of ordinary valuations. Robin Thomas, of Strutt & Par-ker, points to one cottage near Exeter that was given a guide price of \$120,000 by Strutt's, and by Michelmore Hughes of \$110,000 to \$120,000 because of the substantial improve-

of the substantial improve-ments needed. It went for an extra \$30,000 after fierce bidding in a packed room.

If any real harm from the City crash is set to ripple outwards it will be in this refined. market, where buyers have to be well-beeled to put down a big deposit when the hammer fails. If some sales have been disappointing, the jitters have certainly not shown up on auc-tioneers workload.

Simon Gardiner, of Young and White, in Hampshire, says properties are already coming in for sales over the next three months, and 1988 may match

last year's boom. The same pic-ture comes from areas as diverse as Bristol and Newcas-

**David Lawson** 

### Retail property

# Useful for disposals

down two office blocks, both improved dramatically, and well into seven figures. Station there is more confidence in most popular auction lot. About three years ago, the average yield on a shop unit stood at Square House, Orpington, Kent, rental growth for offices." this are those properties which have a "blue chip" covenant, for example being occupied by the Department of the Environment or by the local authority.

In July last year, Allsop & Co sold 1 Friern Park, North Finchley, London N12, for £63,500 for an income of £18 per annum, a yield of 0.0003%. The tenant is the London Borough

Unbroken shopping parades are always in much demand. Ilealey & Baker's July 1987 sale saw a parade of shops at 25-49a Victoria Road, Ruislip , Small office investments also sop & Co last April, when proved popular at the same Kingston House, Bond Street, sale, with two small blocks in Huli, sold for \$1.425m, "well Manor, Middlesex, sell for £1.775m. Subject to reviews 20 years' time.

The exception that proves the rule happened in May, when sale, with two small blocks in Swindon, realising good prices, above the expected reaslisa
Two years ago the demand for eers, sale with two small blocks in Hull, sold for \$1.425m, "well Swindon, realising good prices, above the expected reaslisa
Two years ago the demand for eers,

shop investments on behalf of pa and sold for £1.495m, a the multiple, realising a total of yield of 3 per cent. both in west London and both being sold by a subsidary of

Another firm to have a clear out last year was Haslemere, the group known for its tasteful refurbishments, which was taken over by the Dutch group British Home Stores in Cheap-Rodamco at the beginning of side, Barnsley, which was 1986. At Jones Lang Wootton's knocked down at \$3.66m. The

lots, three of which sold, two prior and one in the room. yield on a shop unit stood at around 10 per cent. Now, it is suction for yields as low as 3 per cent.

The lot sold in the room was 8-11. Montpelier Arcade, Cheltenham, Gloucestershire, two shops on basement and ground floors with two floors of offices above. The property is listed, produces \$33,950 pa and sold for \$369,000, a yield of 9.2 per cent. Joint auctioneers were G H Bayley & Sons.

Manor, Middlesex, sell for £1.775m. Subject to reviews and reversions, the Income from the lot was £81,050 per annum, a yield of 4.6 per cent.

Some companies, including F W Woolworth, have used the auction method to dispose of unwanted assets. Last November, Edward Erdman sold six bero investments on behalf of pa and sold for £1.495m. a

was 612-614a Lea Bridge Road, Leyton, east London, which was knocked down at £651,000. a yield of 5.4 per cent; while 34 The 15,563 so ft unit produces £54,000 pa, with a review in producing £7,000 pa — sold for £141,000, a return of 5 per first the first fi was knocked down at \$121,000, private treaty.

store produces \$275,000 ps, a yield of 7.5 per cent. The lease has about 89 years to run.

has about 69 years to run.

A common occurrence at auction is seeing the same lot come up on a number of different occasions. According to Property Intelligence: "For example, 17. Market Place, in Burslem, Staffordshire, was sold by J Trevor & Sons and Borne & Sons at auction early in 1987 at \$20,000, and then resold by Harman Healy & Co in September at \$40,000. A shop property in Uxbridge Road, London W7, sold for \$89,500 at the end of 1986 and was resold by Barnard Marcus a year later for nard Marcus a year later for £142,000; another in Whiston, Merseyside, was resold by Bar-nard Marcus in October to show a 45 per cent gain over only

\$2.37m. Allsop & Co noted "phenomeThe disposals were on a sale
and lease-back basis, and yieldsaveraged 8.12 per cent. The
most valuable lot of the sale
was 612-6142 Lea Bridge Road,
Lexton coat London which
was 12-6142 Lea Bridge Road,
was 12-

Janice McKenzie

#### Industrial property

# New order is beneficial

now selling well at auction, and in some cases showing yields of less than 10 per cent.

In July last year, Healey & Baker offered 15 properties from the industrial sector from a catalogue of 34, selling 10 of them. This confirmed their own assertions that the industrial market is on the un assertions.

was illustrated by the knocking down of 145-149 Vauxhall Street, London SE11. The 7,720-sq ft lot produces \$28,250 pa and sold for \$313,000 a yield of 9 per cent.
At the same sale a vacant, 58,300-sq ft warehouse and office block on Motherwell office block on Motherwell catalogue, but the present Cli-Way, West Thurrock, Essex, was knocked down at £511,000.

Jones Lang Wootton was the first major firm to break into the industrial auctions sector and has found considerable success selling such lots. In recent market is still a touch littery markets it has been concentrate.

INDUSTRIAL PROPERTY is land for the British Rail Property Board.

That said, in October last year the firm sold The Manton Centre, a 19-unit industrial estate in Bradford, for \$2.3m, the highest price of the sale. It was part of a Unilever Superan-nuation Fund portfoilo of 11

Liben. This confirmed their own assertions that the industrial market is on the up and up.

Single-figure yields were seen at the sale, with two units on the Avonmouth Industrial Estate in Bristol selling for £601,000. They are let at £58,950 pa, a yield of 9.8 per cent.

Vacant industrials also found buyers at the same auction, with a vacant 22,285-sq ft factory in Lester Road, Little Hulton, Manchester, being knocked down at £11,200 pa. Was a good year for industrials. At their July sale in that year, an 11,270-sq ft warehouse/office-building fronting Lancaster Gardens, Finchley, London N2,producing £35,000 pa, sold for £285,000, a yield of 12 per cent; while unit 17 at Blenheim Road, Longmead Industrial Estate, Epsom, Surrey, sold for £360,000 to show a yield of just over 10 per cent. The latter property's fortunes were aided by an imminent rent review.

At Hirshfields' June sale, this

Commenting on the industrial auction market at the time, lan At Hirshfields' June sale, this Flanagan Hillier Parker's indus-vas illustrated by the knocking trial partner, said: "Our own lown of 145-149 Vauxhall view is that the auction method is well within the sphere of ter-tiary investments in the indus-trial and warehouse markets, because of the high yields being offered. Nobody has ever put together an entirely industrial catalogue, but the present cli-

months, it has been concentrating large looks in good heart.

blocks of residential building lance McKenzle

Janice McKenzie

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used as a marketing tool for the sale of office buildings. In Octo-

ber 1984, Jones Lang Wootton offered two, then new, office blocks with vacant possession,

Royco.
One property was withdrawn prior, and the other withdrawn in the room at \$1.9m. JLW's Christopher Drury said: "As a tree-shaking exercise, it worked a treat. A lot of people came to see the Ealing property, and it attracted a tremendate smouth!

attracted a tremendous amount

By and large, though, office properties are not popular lots at auction.

Janice McKenzie

Auction Correspondent Chartered Surveyor Weekly

of attention.

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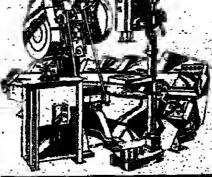
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Leisure property

# **Lost Empires prove** to be a goldmine

IN THE heydry of Edwardian music hall, the Empire Theatre in York beasted a drawing power strong enough to attract star material like a young Chartie Charlin and Abrot and Costello. But by last year it drew only spathetic looks as the owners to ted it around the market for two years in a full. market for two years in a fruit-less hunt for someone willing to take on the fading anachro-

At the other end of the country, the Brighton Hippochome reveiled in the admiration of hingo tens, but was hardly a magnet for potential investors.

Yet two strokes of the ham-

Yet two strokes of the hammer at an auction last year brought out classe to £1.4m from bidders accumuling to take control of these forgotten property musers.

Sincer HiggsH, of Comrad Hitblat, first realized he had stumbled on a goldmine when he took on more than 30 old cinemas and bingo halls which the Cannon Group wanted to well liest year.

encelly such property is worthway store property is sold by one company to another, but we decided to group them into an auction, he says. The gamble paid off: not only were the buildings all sold, but the prices startled even the most hearlessed system experts. Obviously there was an untapped pool of investors, ten-

Empire and a mixed bag of holiday parks, hingo halls and even a whole village barbour area in the West Country.

The reaction was even more

startling, bringing the total raised from two sales to about \$20m. A new sector of business had been born, and Mr Riggall was learning that buyers were looking for a lot more than simple bergains.

"This second group were not like the investments offered by

"This second group were not like the investments offered by Camnon. Many were going concerns, fike holiday camps, with all the associated problems of staff and pensions and stock." That did not make them the less desirable. One camp in the lale of Wight had not been on the market before it was drawn into the net. It sold before the into the net. It sold before the suction was held, was left in the sale and resold (at a profit) for £285,000, and then sold again for another profit shortly afterwards.

Charlestown Estate, the heart of the old harbour in St Austell, survived the hammer for some mysterious reason when Strat-ton & Holborow and Conrad Kithlat offered it for sale. Mysterious, hecause it had attracted a hoard of foreign as well as home bidders

But it was grabbed for \$2.6m immediately afterwards and then resold at a profit to BOM within weeks. Which just goes to show that someone with courage could have made a real sure properties. So Riggall killing by putting their hand up quickly organised another anc- at the suction. tion, including things like the ... Mr Riggall has a simple expla-

sion of the leisure property market. "Remember that suctions are just a small part of the business. Hotel and bingo hall chains are sold privately for far bigger amounts all the

"But we were able to widen the number of people who got the chance to see some of the individual properties that would normally reach a limited market. Eight thousand brochures went out with the York Empire inside, and the psycho-logical spur that if someone was interested and did not get their skates on, they could miss out when the hammer fell in a

Now that Ritblats has got into its stride, Mr Riggall is building up for another sale next month. And he feels it may not be long before suctions start to attract prime invest-ments, rather than the sort of property difficult to pigeon-

His argument is the same a for other branches of property why offer an hotel or holiday park to just half-a-dozen poten-tial buyers when you can appeal to a packed auction

It sounds persuasive, but could run into the contrary question: if prime property can be sold easily, why resort to auctions and face the stigma of not reaching a reserve price? A different vein of sales, such as shooting and fishing rights, has been worked for more by has been worked for years by agents like Robin Thomas, at

Strutt & Parker Michelmore Hughes. He says that, in the last five years, they have sold about 20 miles of fishing rights on 10 different rivers in Devon alone, and a couple of months ago raised a record \$51,000 at anction for 300 yards of the

Leisure is a growing market at both ends of the spectrum. And suctions seem likely to increase in number and size as long as we have more time to kill and money to do the killing.

The landmark Biltmore Theatre, in Times Square, New York, will be auctioned next month by Goddard & Smith, which has pioneered these sales in the US city through its jointventure company Properties at Auction. The theatre is at the heart of a redevelopment area, and carries the bonus of some 130,000 sq ft of air rights (overhead space), which could be sold on to develop space on

David Lawson

Catalogue law may assist major firms

have become the predominant channel for the buying and selling of works of art, at the upper price levels.

Thanks to clever marketing, and a well oiled poblicity and a well oiled poblicity machine, the most expensive paintings, items of furniture, books, jewels, etc, change hands under the glare of the television cameras at Sotheby's or Christie's for seven (and now even eight) figure sums.

Twenty years ago, Sotheby's and Christie's had annual turnovers of around \$20m. In the last season Sotheby's sold goods world wide valued at \$287m, and Christie's at \$287m.

Much of this growth has been at the expense of established antique dealers, who are both the main buyers and principal sellers at the auctions. But dealers are still important, and in certain fields, such as silver and furniture, act as the main suppliers to the general public. Dealers handle many major transactions but have neither the shility nor sometimes the will to publicise their role. Even so, they have had to accept the paramount position of the suc-tion houses.

SOME OF the most powerful images of the recession-bit early 1980s were overseas industrialists crowding into redundant UK factories and

warehouses to snap up machin-ery at rock-bottom prices. But

the days of bargain basement sales have disappeared as the tide of bankruptcy and closures

has receded.

Domestic demand is so hefty
that dealers sold most of their

stocks last year and found it hard to replace, says Nick Scho-field of leading acctioneers Henry Batcher. Higher prices

hardly make it worth shipping container loads across the

world, particularly since the pound began to climb.

pound began to climb.
Today's sales are dominated
by British and continental buyers, and companies are less
likely to be closing works
wholesale than clearing the bits
and pieces left from buy-outs
and takeovers.

Receiverships are running at about a quarter of their former

rate, says Andrew Nagle, of Fuller Peiser. But rationalisa-

tion and the increasing pace of

change throw up work to replace the bankruptcies.

Not everything sells automat-ically, however. Quality modern

precision machinery fetched a premium from larger British companies, but they would not touch older high production

equipment at any price, according to Mr Schoffeld.

A tremendous gap has opened

Sotheby'e and Christie's and the other salerooms. The Big the other salerooms. The Big specialist teams. Their catalogue on the Big and New York is as important a market, at least for Sotheby's, leaving it to the majors, with as Loodon. Last November their numerous experts, to be Sotheby's sold one lot, a Vau Gogh painting of Irises, in New York for £30m, a much greater sum than the annual turnover even more business ending up of any anotice house in Leader. of any anction house in the UK, apart from Christie's and Phillips, which had sales in 1987 of £77m.

Phillips attempts to compete with its larger rivals by operat-ing in New York and oo the continent, but its main distinction is its string of provincial auction houses in the UK. In the last decade it has bought up many regional auction houses and now operates 19 UK sale-rooms. Most of these have a weekly general sale and regular et auctions.

The gap between the major auction houses and the small local operations could wideo even more dramatically following a recent legal case in the west country. An anction house was successfully prosecuted under the Trade Descriptions Act after it had miscatalogued

eers who cannot afford large specialist teams. Their cata-

Dealers are important, despite the growth of auction houses, says Antony Thorncroft

There are still a few fairly substantial independents, such as Lawrence at Crewkerne and Bearnes at Torquay, but in the main the local auctioneer is likely to be the fine art department of a substantial estate ageots. Anything really big they will pass on to Sotheby's, Christie's or Phillips, and share The first two have steadily increased the value of the mini-

mum lot they will handle in their main Mayfair salerooms, and although Sotheby's holds a moothly "furnishings" aoctioo in the evening at Conduit Street, WI, Its involvement with antiques valued at under £500 is confined to its two principal outposts - Chester, which looks after the north, and Billingshurst, the south.

lot. Christie's operates in Scot-This could cause an outbreak land, but relies on local offices

also has its South Kensington auction house, which has sales of around £40m annually.

London ealeroom. It has recently spent lavishly oo refurbishment. Like Phillips and Christie'e Sooth Kensington, it goes for the middle aud cheaper priced antiques, selling as much to private buyers as to

Auction houses are more con-Auction houses are more cor-cerned with attracting items for sale than bringing in prospec-tive buyers: they will follow on naturally. Dealers are trained to sift out unconsidered treasures at every sale in the country, although prices tend to rise the closer you get to London. Even the top salerooms can make mistakes. Sotheby's had a

make mistakes. Sotheby's had a bad week in December, when a painting by Del Plombo it had miscatalogued at Chester in the summer, where it made under £200, sold at Christie's for over £300,000; while another that it had valued at around £400 turned out to be by Annibale Carracci and sold for £847,000 at Phillips. But during the year there will be enough wrongly attributed items at every auction house to keep the more tion house to keep the more knowledgeable dealers and private connoisseurs rich.

for goods, especially for valuable goods. To secure an impor-tant collection, they will offer the vendor a reduction in their usual 10 per cent commission, looking towards the 10 per cent premium they get from the buyer to secure their profit. But

buyer to secure their profit. But they will only negotiete oo costly antiques.

In a way, it is an odd situation: their main loyalty is to the seller, because they want the highest possible price; but it is always the buyer who has to pay the full 10 per cent commission. But then the suction houses have been a law to themselves for decades, and themselves for decades, and attempts to regulate their activities, introducing more open-oess, have invariably failed. There is less law affecting their s than most comparable trading activities.

The introduction of a buyer's premium, on top of the tradi-tional seller's commission, has greatly improved the profitability of auction houses, and in recent years there have been some oew openlogs. Last autumn Roseberys, started by two former Sotheby's employees, began monthly evening sales in Islington; and around the country the years of decline

Plant and machinery

# Start-ups lift prices

Plant and machinery auctions 1982 1983 1984 1985 1986 1987 408 RRS 471 389 101 134 Source: Machinery Market, Industrial Exchange & Mart, Reesle Weekly

A Rochdale business was so desperate for plastics machin-ery that it turned the pattern of e early 1980s on its head, flying to a Henry Butcher auction in Malaysia to outbid Japanese, Korean and Hong Kong buyers for unused modern injection

moulding equipment.

That is not to say that older equipment is being ignored if it can fill a niche for smaller buyers. Machines such as 20-year-old capstan and turret lathes, which were once hard to move at a few hundred pounds, swept to heights of £2,000 to

£3,000 each in 1987. Substantial price rises fuelled by the increase in business start-ups were not limited to machinery but spread to hand tools and office equipment, with bidders paying almost the new price for many articles.

All this business edged the number of auction sales upwards to 414 last year, according to Barry Watkins of of business lost the stigma of association with bankruptcy, advertising of plant and machinery auctions increased by 40 per cent last year, he

says.

"But sellers are still careful
make it clear in every advert
that they are not closing," says
Mr Nagle. That sort of worry
would not affect British Rail,
which upleaded which unloaded more than 3,000 lots from the 150-acre engineering works at Swindon last year. This was meat and

drink to John Law, the Worces-tershire-based specialist which The company is looking forward to another 2,000 lots of surplus Vickers Defence Equipment machine tools and rolling

stock in its sale planned for next month. Law calls itself a "one stop" auction house, because it also offers to underwrite the value

ture or guarantee.

Some specialists go even further, cutting out the sales pitch and offering to take equipment in bulk before it can get to the sales floor. Many sellers prefer the option of a guaranteed price immediately for a job lot, rather than the gamble of an

auction and theo having to meet the expenses and commis-

sion fees, says James Wooster, of London-based Machine Tools

We can afford to do this. because we take a long term view and hold on to machinery we can trade it oo," he says. A couple of pieces bought in a job lot at the equivalent of anction prices will eventually turn in enough profit to cover the whole expense. He does not go to auctions for stock, of goods and arrange every-, because it is not worth bidding thing from valuation, prepara- against dealers for "bits and thing from valuation, prepara-tion and selling, whether via ordinary purchase, joint ven-

one more would not be missed, ccording to the auctioners.
If dealers are a worry to auc-

tioneers, they do oot show it, pointing instead to the sheer volume of business still coming through. Fuller Peiser says its calculations of national totals are swollen even further if they take io British Car Auctions and Central Motor Auctions. which hold more than 500 sales a year. At least 30 firms also advertise regular collective sales, says Mr Watkins. He makes a conservative esti-mate of total sales in the UK at

close to 2,000 a year. This figure may fall back in the first half of 1988, but receiverships could be on the rise again towards the end of the year, boosting the machinery end of

The question is whether auctioneers can keep making their case more strongly than dealers such as Mr Wooster. But even if they cannot, there will be less to sell to an insatiable market and prices must inevitably keep

**David Lawson** 

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#### Theatre

Tate Gallery. Turner in the new Clore Gallery. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 deco of the entrance and man to recommend it. But eight rooms for paintings and one for water-colours give room enough, and with the three reserve galleries with the water painting but the

# PARIS

Music

erheran. From New York, an exhibition of 72 paintings retraces the artistic development of one of the great masters of the Spanish Golden Age. Influenced at first by Caravaggio'schiaroscuro technique, Francisco Zurbaran progressively abandons the strongtygressively abandons the strongly contrasted rich colours for a sof ter palette with near mono-chromes. Reversing the perspec-tive, using geometrical composition settings and shedding

Week

LONDON

**Exhibitions** 

Cahism. Grand Paints. (42000524).
Ends April 11.
Ensée des Arm Decoratifs. More
than a thousand wooden toys
from as far afield as Greenland,
Mexico and Russia carved by 18th
century woodcutters or modern
designers recreate the enchanted
childhood world of villages dolls. designers recreate the enchanted childhood world of villages, dolls, horses and trains. 107 Rue de Rivoli (42603214), Ends Feb 14.

Grand Falsis. Tressures of the Celtic Princes. Prestigious archeological finds from what is, nowadays, France, Germany and Anstriz, bear witness to a inxury-loving civilisation which flourished in the Celtic universe. (42560924). Ends Feb 15.

Masse Pleasso. To celebrate the

MODERN ART OF Less Demoissales d'Avignon and to help explain its genesis and meaning, 20 preparatory paintings and more than 40 drawings have been grouped around it for the first time. With 700 images contained in 15 sketch books, they complete the overall picture of the artist's creative visionary Greco, Cesanne's Bathers, an Iberian head and primitive objects from Africa reconstitute the artistic climate in which Picasso conceived and executed one of the fundamental works of art of the 20th century. 5 Rue de Thorigny (42 71 25 21), Closed Tue, Ends April 18.

#### **WEST GERMANY**

ch, Villa Stuck. Pablo Pic around 300 paintings, drawings, graphic art prints from the artist's complete artistic range, spanning cubism, classicism, and surrealism, as well as Picasso's later

work. Printregenteds: 1. Ends Feb 28.

Stattgart, Galerie der Stadt. Max Ackermann (1887-1975). The 100th anniversary of his birth commemorated by a comprehensive retrospective with 80 pictures from the main periods of his life. Schossplatz 2. Ends Feb 21.

Täbingen, Kunsthalle. Andy Warhol -- Cars. The last unfinished pictures of Andy Warhol, commissioned by Daimler Benz, on the 100th anniversary of its foundation, are to be seen in Tübingen for the first time. The US pop artist, who died last year, completed 12 paintings and 35 pictures. Philosophenweg 76. (Ends March 13).

#### ITALY

Rome, Palazzo dei Conservatori Campidoglia. Hidden Treasure: The Imperial Silver Collection From Kaiserangst. An extraordi-narily fine collection of silver tableware dating from 350 AD, hastily buried by two Roman gen-erals, Marcelliano and Romulo, when the Castrum Rayrecone.

#### WASHINGTON

lational Gallery. A centenary ret-respective of Georgia O'Keeffe includes 11S oil paintings and drawings, among them rarely seen examples from her familiar New Mexico inclusivas arrotic flowers

#### **CHICAGO**

rube and Baden Baden as well as

#### TOKYO

Nezu Museum. Japanese swords and fittings. Objects of beauty as well as instruments of death, these swords are elegant in shape, line, texture and design. The exhibition features 60 hams from the museum's collection. Afterwards, take a stroll in the densely wooded garden, lovely at all times of the year, and forget you are in the heart of the metropolis. (400 2536). Ends Feb 7.

#### LONDON

Majesty's). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber emphasising the rumance in Leroux's 1911 novel. Happens in a wonderful-Paris Opera ambience designed by Maria Bjornson. Dave Willetts has succeeded Michael Crawford as the Phantom. (839 2244, CG379 6131/240 7200). Stunning control directed by Mits Ockronic

2252).

Outh Pacific (Prince of Wales).

Average, traditional revival of the great Rodgers and Hammerstein musical, Genma Craven failing to wash the baritonal Emile Belcourt

out of her hair.
Shirley Valentine (Vaudeville).
Paniine Collins in fine and funny monodrams by Willy Russell of liberation for a Liverge of Inage's ilberation for a Liverpool house-wife on Corfn. Shades of Ibsen's Nora and Beckett's Winnie, with jokes. (896 9987, CC 379 4444) View from the Bridge (Aldwych). Michael Gambon as Arthur Mill-er's Eddie Carbone gives one of the greatest performances of recent years. Alan Ayckbourn's supple National Thestre produc-tion comprehenses the release of thest

Wholly Healthy Glasgow (Royal Court). Scabrously Junny new

LONDON

PARIS

(42 33 44 44). naemble Vocal Jean-Pierre Lore

sing Durufle's Requiem, Motets and Galard's Magnificat (Tue). Saint Boch Church: (42 81 93 26).

play by Ian Hergie, structurally similar to David Mamet's Ameri-can Buffalo, but set in a back-alley Glaswegian health club. No simil-

NEW YORK

Temes (46th Street). August When
hit a home run, this year's Pulitzer Prize, with James Earle
Jones taking the powerful lead
role of an old basebell player raising a family in an industrial city
in the 1660s, trying to improve
their lot but dogged by his own
failings (221-1211).
Eats (Winter Gardan). Still a sellout,
Trevor. Numn's production of T.S.
Ellot's 'children's poetry set to
trendy music is visually startling
and choreographically feline, but
classic only in the sense of a
rather stard and over-blown lides
of theatricality (239 6262).
(Ind Street Clajestic). An immedest celebration of the bayday of
Broadway in the 1930s incorporates gents from the original film,
like Shuffle Off To Buffale, with
the appropriately break and leggy

lessons in pageantry and drams, if not strict adherence to its original source. (239 6200).
Starlight Express (Gershwin).
Those who saw the original at the

Rome, Oratorio del Gonfalone: Gonfalone Chamber Orchestra-with soloist trumpeter Antonio Ruggeri playing Albinoni, Tele-mann and Torelli (Thur). (Via del Gonfalone 32A) (68 75 962). Florence, Teatro Comunale. Soprano Maria Weing singing Mos-art, Schubert, Brahms, Wolf, Ravel and Debussy, accompanied by Geoffrey Parsons (Tue) (277 Philharmonia Orchestra conducted by Norman del Mar with Robert Cohen, cello. Mozart, Haydn and Tchaikovsky. Barbican Hall (Wed). (638 8891). London Symphony Orchestra con-ducted by Jeffrey Tate with John Graham Hall, tenor and Hugh Seenan, horn. Delius, Britten and Elgar. Barbican Hall (Thur). by Geoffrey Parsons (Tue) (27) 8236).

arma, Teatro Regio. Memosoprano Christa Ludwig (Mon) (79 56 78).

#### NETHERLANDS

Amsterdam, Concertgebouw, Rectal Hall, The Archipel Trio: Albrechtsberger, Bach, Berlo, Van Noord, Rossini (Tue). Then van Jean-Pierre Rampal, flute, accompanied by harpsichord and piano:
Bach, Poulenc, Mozart, Telemann (Mon., 6.30pm). TMP-Chatelet (42 33 44 44). der Putten, soprano, accompanied by Henk Ekkel: Prokofiev, Mus-sorgsky, Mozart, Schumann (Wed). The Takacs Quartet: conducted by Marek Jamowski, with Siegfried Jerusalem, Theo Adam and The Radio France Choir: Wagner's concert version of Paraifal (Tue, 6pm), TMP-Chatelet

Rotterdam, Doelen. Buch cantains performed by the Amsterdam Baroque Orchestra with the Ghent Collegium Vocale and vocalists conducted by Ton Koopman (Tree). ber Orchestra conducted by Jor-dan Dafov, with Jan-Erik Gustafi-son, cello: Purcell, Haydu, Dafov, Tchaikovsky (Mon). Netherlands Chamber Choir conducted by Phi-lippe van Herreweghe: Sweefinck, Gabriel, Mareurio (Trur). (413-24. Orchestre National de France con-ducted by Neema Jarvi play Shos-takovich, Sibelius, Brahms (Thur). Radio France, Grand Auditorium. (42 30 16 16).
Orchestre de Paris conducted by Pierre-Michel Durand, Helene Gri-maud, piano: Berlioz, Liszt, Bartok (Thur). Salle Pieyel (45 63 88 73). Nouvel Orchestre Philharmondene conducted by Marck Janowski, Ann Murray, mezzo-soprano: Schubert, Webern, Berg (Thur). TMP-Chatelet. (42 33 44 44).

Gabrieli, Mareunio (Tour). (413 24: 30).

Utrecht, Vredenburg, Bach cantatas performed by the Amsterdam Baroque Orchestra with the Ghent; Collegium Vocale and vocalists conducted by Ton Koopman (Thur). (31 45 44).

Eindhoven, Schouwburg, The Brabant Orchestra conducted by Heinz Priesen, with Theo Bruins, piano: Liszt, Bartok, Mendelssohn (Tue). (11 11 22).

Groniagen, Oosterpoort, Plano recital by Gregorio Nardi: Becthoven, Chopin (Thur). (13 10 44).

# Victoria in London will be recognise its American ince get good exercise

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engaging and deft actor preferably British. (947 0033).

#### WASHINGTON

Enrico IV (Arens). Pirandello's mys-tery of the man who imagined himself as Emperor Heary IV of

Passion Play (Goodman). Peter Nichol's clever twinning of the major characters as they conduct a duplications affair adds a sharp edge to the view of contemporary life in London. (443 3800). Ends Feb 13. CHICAGO

have family whose kabuld lineage dates back 250 years and feature the current head of the family, Danjuro X1. Excellent earphone commentary in English. (541 3131).

#### **NEW YORK**

Cleveland, Orchestra. Vladimir
Ashkensky conducting with
Franklin Cohen on clarinet. Sibeling Mozert, Ravel (Wed). Carnegle
Hall, (247 7800).
Da Capo Chamber Flayers. A
James Joyce birthday celebration
with works by John Buller, Stephen Albert (Mon). St Luke's Chamber Ensemble. Michael Feldman
conducting. Eriko Sato violin,
Alexandra Hunt soprano, Bennett
Lerner piano. Vittorio Relti 90th
birthday celebration (Wed). Barry
Hamigan piano recital. George Hamigan piano recital. George Crumb, Frederic Ezewsid (Thur). Merkin Hall (Goodman House). 67th w of Brosdway. (362 8719). he Schubertisels, begin on Schubert's 190th hirthday, continues the ten-year programme of the complete works of the composer, calminating at his bicentennial. Over 60 chamber works, nine sym-phonics and opens, some, manus.

Pinher Hall) Lincoln Center (874 2424).

#### WASHINGTON

National Symphony, Maticlev Ros-tropovich conducting Sibelius (Tue); Maticlev Rostropovich con-ducting Hoyce, Tchafkovsky (Thar), Concert Hall, Kennedy Center (254 3776).

#### CHICAGO

Alcano Symphony: Sir Georg Soni conducting. Kathleen Battle soprano, Alrad Mulf baritone and Chicago Symphony Chorus. Brahma (Thur). Orchestra Hall. (485 8111).

Continued on Page 23

ITALY

ome, Anditorium in via Della Con-cilizzione. Yoav Tulmi conducts Brahms with violinist Uto Ughi: Mendelscohn and Gervasio (Mon

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#### Cinema/Nigel Andrews

# Insanity reigns

Nadine directed by Robert Ben-King Lear directed by Jean-Luc The Lost Boys directed by Joel

Schumacher China Girl directed by Abel The Squeeze directed by Roger

"Marriage is a little like going to a gym," says writer-director Robert Benton in the press notes to Nadine. "If you keep working at it, sooner or later you get past the pain and the results are extraordinary."

This sounds like a description of the film critic's profession. The only difference is that whenever the critic thinks he has graduated beyond the pain threshold in his job, he hits a week like the present one. On top of Benton's movie, which calls itself a comedy thriller and is therefore twice actionand is therefore twice actionable under the Trades Descriptions Act, ws bave Jean-Luc Godard's demented King Lear and assorted youth-market sorties into vempirism, race wars and knockabout crime.

Nadine is set in 1954 in small-town Texas, and its sensibility is time-warped and pro-vincial to match. Robert Benton's weakness for the twee and folksy was discernible between the good bits in Kramer Vs Kramer and Places Of The Heart. Here that weakness is rampant, and there are no good bits to compare the limit of the comparement. is rampant, and there are no good bits to compensate. Kim Basinger and Jeff Bridges play the-brink-of-divorce complethrown together again by her accidental implication in a murder. A knifed photographer, a set of node photos, a secret plan for a new highway and an according to the secret plan for a new highway and ac plan for a new highway and an actor doing an over-the-top impersonation of Rip Torn (ch, sorry, it is Rip Torn) are all involved in what follows. The only party not involved is the audience. They gaze on with stony face, wondering when the

A plot of complication and reconciliation proceeds, through much would be wacky dialogue and scenes of a dressed-to-the-nines Miss Basin-

dressed-to-the-nines Miss Basinger escaping out of windows,
combating rattlesnakes or
crawling across rickety ladders.
(I know this is meant to be a
comedy, but she would at least
have removed her high heels,
wouldn't she?). The great
Cuban-born cameraman Nestor
Almendros (of Days-Of Heaven
and The Bias Lagoon) photographs it all with crystalline
grace, as if he hoped the film
were Sevres china but had a
dreadful feeling it was jumblesale kitchenware.

dreadful feeling it was jumble-sale kitchenware.

It is. When the film flooped in America, Mr Benton plaintively insisted it was not just a com-edy thriller but a serious state-ment on marriage. Sorry, Mr Benton, It is not sus a comedy thriller. And no serious state-ment on marriage could survive Miss Basinger's chalk-out-black-hoard shrieks and squeaks or Mr Bridges' desperate look, throughout the film, of a seri-ous actor looking for a serious exit door.

His only problem, had he found one, would have been the risk of straying onto the set of Godard's King Lear. Everyone else seems to have strayed onto it. Here are Norman Maller, Woody Allen, Peter Sellars (the stage director), Menahem Golan (voice only), Burgess Meredith, Molly Ringwald and Uncle Jean-Luc himself. The only notable absentee is William Shakespeare, doubtless rotating

notable absentee is William Shakespeare, doubtless rotating slowly in his grave.

Certainly the liberties J-L G has taken are remarkable. He ignores the Bard almost completely. The only discernible connections with Shakespeare are the presence of one William Shakespeare Jnr V (Sellars), an American writer seeking inspiration, who wanders across modern France in pursuit of a

Mr Learo (Meredith) and his Cordelis-like daughter Kate (Ringwald). There are occasional interruptions from Godard himself as the Fook a role for which Godard comes complete with e speech defect, rendering his lines all but impenetrable, and a head-dress of electrical cords.

Mailer and Allen pop op briefly like book-ends at beginning and end of film. Allen has no dialogue and Mailer, who was originally to have played Lear, sounds as if he wishes he did not. Occasionally all semblance of storyline ceases with quasi-abstract interludes: scenes in an unidentified cutting-room, brokeo-petalled flowers re-assembling in reverse motion.

For those not having the

flowers re-assembling in reverse motion.

For those not having the faintest idea what is going on, Godard provides captions and intertities to confuse them further. "Nothing will come of no thing: "Virtue versus Power."

A film shot in the back." This last seems closest to the truthlast seems cloaest to the truth. Though whether the movie was so assassinated by Godard's poorly-thanked backers ("Cannon Cultural Division" he keeps

Are we, in the age of Aids, going to be smitten with an epi-demic of vampire films? I fear going to be smitten with an epidemic of vampire films? I fear we are. After Near Dark, The Lost Boys comes to town, in which attractive widow Dianne Wiest and her two boys (Jason Patric and Corey Haim) are terrorised by a gang of teenage vampires led by Kiefer Sutherland (son of Donald). They (Miss Wiest and Co) have just arrived in Santa Carla, California, a town we discover is fondly dobbed by the locals "murder capital of the world."

Any sane person, on learning this, would have negotiated away the mortgage, sold the cat and got the milk train out the script: and only the cameraman (Michael Chapman) and production designer (Bo Welch) deserve a modest plaudit each for stylishness beyond the call.

"In four years you'll have to complains a Mafinso in Chiza Cirl, as the Chinese-Americans spread their restaurant empire through Manhattan. Gang wars escalate, and so do post-West Side Story cliches, in this barrel-scraping action thriller from the director of Driller Kuller, Abel Ferrara. The only thing more nauseating than the violence — which offers demon-



Kim Basinger and Jeff Bridges in "Nadine

next morning. However, the art stration lessons on everything Though whether the movie was so assassinated by Godard's poorly-thanked backers ("Cannon Cultural Division" he keeps sneering at them in the film) or by Godard himself, not knowing his stermum from his rectum, is open to question.

Are we, in the age of Aids, going to be smitten with an epidemic of vampire films? I fear denic of vampire films? I fear soriot and only the cameraman

stration lessons on everytning you didn't know about knives and cleavers but were afraid to task — is the subplot Romeo-and-Juliet romance. An Italian boy and a Chinese girl dare to love each other in the crossire, and between murder spress the auditors has to suffer their

and between murder sprees the audience has to suffer their puppy-dog glances and drippy dislogue.

Nor, alas, is there is much break in the cinematic cloud-cover with The Squeeze. This has the gifted Michael Keston (of Mr Mom and Gung Ho) trying to resuscitate an expiring comedy script about murders, molls, mobsters and lottery comedy script about murders, moils, mobsters and lottery frauds. But the gags tend to die on delivery, the acting is over-anxious, and whenever the pace becomes too torpid even for writer Daniel Taplitz and director Roger Young, they throw in a killing or a severed thumb. This last motif introduces itself

contrivances stick out.

the run.

culminating top B flat was a marvellous moment of vocal

and physical glee in authentic operatic translation.) This is not, and perhape

never has been, a beautiful volce, but its power, energy, and excitement are undimmed, and its ease in riding the spaces

If you want a good time, why not go instead to the National Film Theatre's melodrama sea-son? In the last two decades serious critics have found serious virtues in once-scorned emotional dramas like Nicholas Ray's Bigger Than Life (February 3rd), Curtis Bernhardt's Possessed or Dooglas Sirk's Written On The Wind (both February 8th). Though at times these serious critics have been are angling for a place in Pseuds Corner (beware of Pseuds Corner (beware of strangers bearing words like "syntagma" and "metonymic slippsge"), the melodramas they champion – mostly made in the 1950s – are now startlingly in key with 1980s moods and obsessions. They deal with the dangers of passion (compare Fatal Attraction), with the deceptions of wealth (see the stock market), and with the early on: doubtless a heraldic omen of the sore thumbs like which most of this film'e comic the stock market), and with the tensions of a world at peace

#### Hansel and Gretel/Coliseum

#### **Max Loppert**

Pauline Tinsley, a mainstay of of this large theatre may Sadler's Wells Opera both at remind regular Coliseum visithe old house and in the early tors how often, in this respect, the old house and in the early years at St Martin's Lane, has not appeared at the Coliseum since those memorable Mary Stuart performances of 1974. Instead of wondering aloud once again why on earth the owner of this house-filling voice and persocality was thereafter excluded from the company, Londoners can oow ceiebrete her inng-delayed return; for on Wednesday Miss Tinsley took ovnr the donbin assignment of Mother and they have to go short at other But the impact of Miss Tin-sley's appearance is by no means only vocal: she shows us a much tougher, harder-bitten Mother (the threats of domestic

Mother (the threats of domestic violence, from mother to son and husband and wife become correspondingly more vivid) and a much less self-advertisingly flouncy Witch than we saw previously. (She needs only to project her wards with greater persistence.) A second vicwing of this production raises perhaps one or two doubts previously unconsidered about the Freudian layers that the producer has stratified assignment of Mother and witch in the new English National Opers production of Humperdinck's opera, and will remain with it until the end of the run.

She gave a tremendous performance of what has become, in David Pountney's endlessly fascloating and brilliant reworking, the opera's leading role. Humperdiack wrote the work's "grown-op" parts for voices of Wagnerian scale—which is what Miss Tinsley possesses (unlike her predecessor. the producer has stratified buneath Humperdinck'e fairy-tale substance (the meshing of fantasies is never com-pletely clarified). Yet with a cast so totally absorbed into its fabric, and with the central dramatic-soprano focus now so much intensified, it's not hard to surrender to the beauty and which is what Miss Thisley pos-sesses (unlike her predecessor, Felicity Palmer), and of which she gave a prood demonstration in those high-lying phrases pre-viously shirked or transposed down. (The Witch's triumphant poetry of the whole perfor-

Did 1 eufficiently praise the rugged Father of Norman Bal-ley (in wonderful voice) or the huggably roly-poly "real boy" Hansel of Ethna Robinson after the opening night? Or the orchestra under Mark Elder's masterly direction? Or the music itself? This Hansel and Gretel remains one of the magi-cal evenings of London opera.

#### Kit and the Widow/Lyric Studio

#### **Martin Hoyle**

Kit has a profile, a receding Webber method ("you too can hairline and a smoothly ingratiating manner with a dash of the steal it from somebody else"). epicene. The Widow looks about 14, has big brown eyes and a mischlevous schoolboy grin. Both, for readers unfamiliar with their work, are male. iar with their work, are male.

With a white baby grand and plaster casts of classical nudity — hastily draped with foliage by Kit with a murmur of "Clause 28!" — the couple are giving an extended evening of their cabaret in the Studio of their cabaret in the Studio of the Lyric, Hammersmith. Despite the veneer of camp, their original material is founded firmly on the best British models. Noel Coward in cautionary, anecdotal mood can be

ish models, Noel coward in California, anecdotal mood can be detected in such songs as "Mother's only little vice" (not too far from that bar on the Piccola Marina) and "Matador" (where one half expects Cow-ard's Nina from Argentina to add solidarity to castanet-clack-ing Lola Carmen's disgusted repudiation of the stuffedbreeches torero, El Machismo). A gentler vein (Flanders and

Swann?) is tapped for octoge-narian shop-lifters and famous

Kit Hesketh-Harvey, the singer and front man, is a screen-writer with Maurice to his credit and a forthcoming musical – the Barblean, March – that woo the Vivisn Ellis Award. The pianist Widow is Richard Sisson from Glasgow's TAG company, Like an upper-class Victoria Wood, their range of reference takes in brand names and cultural allusions - Agnes Baltsa, Patricia Hughes of Radio 3, Twyla Tharp - more show-biz than political, though they manage a stinging little number about drunkenness among the spouses of Conservative ministers. One almost forgives rhymes like clammier/España and a slight lack of variety to mood— though the wistful "It's a bar but it isn't Casablanca" hints at deeper feelings and s wider emotional range.

There are many pleasures in the evening, but it could be half as long. This is not to decry Leo Ward, a prestidigitator whose guest spot in the second half baldies. And the pair hit their makes such objects as lighted own, more astringent, form candles appear and vanish myswith a charming post-AIDS tifyingly even in the close quareusof to Cole Porter, "Let's not ters of the Studio, and who do it;" a verbally dextrous and thinks up an original and admirefreshingly subversive gloss on Gilbert and Sullivan's police doch's flagship. But Kit and the man's lot; a marvellous patter Widow themselves tend to the number, set to the Barbiere di repetitious after nearly two Siniglia overture, for Glynde-bourne-goers in a traffic jam ("two bloody hours of Orping-ton in flaming June"); and the wicked dissection of the Lloyd-would bay for more.

#### Saleroom/Antony Thorncroft Bronze and silver

# Antoine-Louis Barye is the big seat in the gardens of Luton name among French sculptors Hoo. in bronze in the mid 19th cen-

tury and Christie's was expecting a good price when it offered his rare composition, a group of Roger and Angelica borne by the Hippogriff. It got the sum it sought, £71,500.

The bronze had been commissioned in 1846 by the Duc de Montpensier, who wanted an impressive mantlepiece ensembeing molested by a see ser-pent. The scene is the climax to

In Baryes catalogue of 1847 the group is priced at Ffr. 1,600, making it twice as expensive as any other item. The model was bought at the studio sale after Baryes death by the foundry-man Hector Brahm who pro-duced this cast around 1890.

All told the auction of 19th century works of art brought in £559,394 with 28 per cent unsold. A pair of 19th century Floreotine marble figures of love found and love abandoned century works of art brought in \$559,394 with 28 per cent unsold. A pair of 19th century let which was giveo to the Floreotine marble figures of Duchess by the Duke of Windlove found and love abandoned sor le the 1950s: it is now sold for \$44,000. One was 160 priced at \$32,000, as against cm high and the other 155cm and they were made by Pasquale Romanelli in 1876. Burgess, the London dealer, paid \$24,000 it made at the \$24,000 for a Vienna oval tray painted by Joseph Nigg around \$13,200 for a Vienna oval tray painted by Joseph Nigg around \$1000. There is an attempt to promote the Fair as the ideal Place at which to buy an

The busiest place in Loedon yesterday for the buying and selling of antiques was the Dorchester Hotel, home of the Fourth International Silver and Jewellery Fair until Monday. This has become the key event

in the trading year for many of the leading silver and jewellery dealers.

The limelight was grabbed by ble. He got the rearing horse, so popular with the romantic imagination, on which Roger simple the crown Jewellers, Garrard, which was open to offers above \$1 m for a diamond and emerald carries off Angelica who is bracelet which King Edward VIII had given to Mrs Simpson the Renaissance poem, Orlando when their affair was still a

secret. Garrards had bought it secret. Garrards had bought it for just under \$200,000 at the Duchess of Windsor jewel sale in Gemva last April. The considerable mark up suggests that the company is quite prepared to keep it in stock in its own movel. royal collection of jewels but would accept a ridiculous offer.

Silver, another London bench, which is identical to a present.

#### Two new RSC productions for London

The Royal Shakespeare Com-

pany has announced that its

The Roysl Lyceum Theatre Company, Edinburgh is presenting Arther Miller's Death of a Salesman from February 12 to Msrch 5, directed by lae Wooldridge. Paul Maxwell will play Willy Loman.

withdraw from Eugene O'Neill's A Truck of the Poet at the Ynung Vic due to ill health. The role of Sarah Melody will now be played by Rudi Davies.

#### Venus and Lucrece/Almeida

#### Michael Coveney

peare's early Ovidian narra-tives, Venus and Adonis and The Rape of Lucrece, are stilled theatrical exercises in erotic

Two different approaches are with a farmhand misses the adopted, but the physical lan-point. The six-line stanzas are guage of each is garbled. The ingeniously distributed, but cool classical landscape of the who is the "love-sick queen," first poem is exchanged for all who the indifferent huntsman? Two different approaches are cool classical landscape or the first poem is exchanged for an who the indifferent huntsman. Shakespearian grove such as . The reviving kiss prompts a inhabited by Justice Shallow, curiously indecent triple. The importunate goddess Venus assault on the poor lad, who has scarcely had time to rendered as three rosy- has scarcely had time to cheeked wenches bling on orange pippins, spouting Mum-

Sarah Woodward

The latest fruit of Peter Gill's mersetshire and tossing the secret laboratory at the National hangs a little green on the bough at the Almeida in Islington. Bardy Thomas's Art Depot presentations of Shakes—

This robs the piece of its stantage of Lucrece's post-coital stantage ruminations as she ponders the Fall of Troy. siege-like urgency and Venua's chief message, not unlike the groundswell of the first dozen

From that passage Sarah Woodward, by no means Shak-espeare's soberly or so Sonnets: that Beauty should propagate itself. A romp

moressed matron, but a coy quavering mistress, preserves her identification with the hap-less Hecuba. And the narrative logistics are more satisfactorily worked out by having Lucrece open the play with the poem's Argument, and by turning over the objective, third person, horrecover his breath from praneing around as the rampant stallion in the parallel exemplum of
hist on the run. The sunlit naturalism of the setting — an overhanging myrile shrub, baskets

ralism of the setting - an over-hanging myrile shrub, beskets of fruit, a lovely old cart - con-spires against the aloof sensualeither poem belongs to Tarquin, whose guilt-sodden progress to his hostess's four-poster was still on Shakespeare's mind in Macbeth. David Lansbury hits Some verses are set to songs of lamentation, one of the Venuses blows a plaintive pipe, the best passages are reserved for Julia Swift as the most mature seducer. But the scene some of the right notes, but not enough. It is extraordinary how disgust sets in even as the deed is contemplated.

The great opportunity missed here, apart from inventing a modern sensual theatrical language for the texts, is the obvi-ous contrast between the ease with which a man takes his pleasure and the difficulty with which a woman fails to take

the unequivocal stalking of a victim by a rapist in the grip of an insatiate appetite. We lip-smacking voyeurs missed that Bardy Thomas's best work resides in putting the stiff ters through endless expressive variations. But as for the specromantic mood music. tacle, or the sport, the transla-the enly trouble is, from a tion to the stage: forget it. This theatrical point of view, there is just, well, workshop time.

#### Messiaen/Festival Hall

#### Richard Fairman

During the next month the Festival Hall is mounting a series of organ recitals devoted to Messiaen — "Le Maître Mystique," as the title enigmatically music seems to stretch as far as During the next month the res-tival Hall is mounting a series of organ recitals devoted to Messiaen — "Le Mattre Mys-tique," as the title enignatically calls him. It is a tribute that every organist will surely give the most wholehearted support, the eye can see. Anything further from the as there is no 20th century composer who has done more than Messiaen to keep the organ in the forefront of new musical developments and

Anything further from the light, occasional style of the 19th centry French organ composers is difficult to imagine. The feeling of La Natività, with its programme of religiousmeditations, is one of timelessness, of thoughts allowed to mature and deepen without any of the usual restrictions that public performance imposes on composition. Even at this early point Messiaen was not ons to make compromises. enrich its repertoire with works to complement the great legacy from the barroque era.

The scale of so many of his organ pieces never fails to be cause for amazement. This opening recital, which was given by the French organist, Georges Robert, featured one of compromises.

The Festival Hall is unfortuthe earliest works that drew nately not the best place to the composer to international hear his music. While the organ

vast range of registrations that Messiaen's scores always call for, the dry acoustic leaves lit-tle room for the music to acquire a halo of sound. One wants the beginning of La Nativité to ease its way into the listener's consciousness, not suddenly appear as a definite and tangible statement.

This is, to my mind, a major drawback. But some compensa-tion can be had from the rare chance to hear all the notes and, both as technician and and, both as technician and interpreter, Robert proved fully equal to the spotlight that the hall shines upon the soloist's playing. Indeed, the rhythms in "Les Anges" were so precise that one understood why it is primarily as an inneverse in primarily as an innovator in

attention - La Nativité du Sei- is well equipped to supply the regard himself as important.

# Royal Academy in search of sponsors

most leading arts organisations to have a room of the RA are battling against deficits, the named after them.

RA recorded a eurplus of £258,193 in 1986-87. However, not find a sponsor for one of its since it gets no state aid, it is 1988 exhibitions — on the not easing up on its fund raising and announced that Mrs tree which opens on October 14. Thatcher has agreed to be its other main activities this patron of a new Corporate wear area show for fifty paints.

The Royal Academy yesterday business; it raised \$815,000 reported back on a financially from sponsorship last year, and sound 1987 and unveiled a is now looking for companies rather low key 1988. While willing to contribute \$500,000

Thatcher has agreed to be Its other main activities this patroo of a new Corporate year are a show for fifty paintMembership Scheme, which in ings from the collection of time could produce £500,000 a Baron Thyssen, including a Holbein portrait of Henry VIII, which opens on March 18; the pay either £1,000 or £5,000 early years of Cezanne, e conand get concessionary rates for troversial and eye opening their employees for the RA event, sponsored by Chase Manchows plus other privileges. The RA has good links with

Henry Moore, sponsored by Salomon Brothers, and starting September 16. Next winter the RA hopes to mount another of its important retrospectives of 20th century Euroepan art, this time devoted to Italy, but it, too, swaits a sponsor. Its current show, the Age of Chivalry, was made pos-sible through a \$500,000 guar-antee from Lloyds Bank.

The Summer Show, perhaps the key event of the RA year, runs from May 14 to August 7, and is sponsored by Esso. Last year works of art valued at over \$1.1m were sold, at an everage price of \$362.

Antony Thorncroft

#### January 29-February 4

# PARIS

NEW YORK

Metropelitan Opera (Opera House).

Nello Santi conducts Turandot in Franco Zeffirell's production with Ghena Dimitrova, Leona Mitchell, Nicola Martinucci and Franco De Grandles. Nello Santi conducta Luisa Miller in Nathaniel Merrill's production with Silvia Mosca, Wolfgang Brendel and Paul Pitahka. James Levine conducts Fabrizio Melano's production of Pelléas et Mélisande with Fraderica von Stade, Anthony Rolfe Johnson and John Macurdy. Sir Peter Hall's production of Macbeth conducted by Giuseppe Sinopoli features Eva Marton, Rengo Bruson and Samuel Ramey. Lincoln Center. (382 6000).

#### WASHINGTON

LONDON Royal Opera (Covent Garden). Ber-nard Haitink's first Wagner ven-ture since taking on the Royal

Opera musical directorship is a new production of Parsifal. The staging is by Bill Bryden in the designs of Hayden Griffin; the young German tenor Peter Sciffert (London debut) takes the title role, and the cast also inchades Robert Lloyd, Waltraed Meler, Simon Estes, and Willard White. On Smday English Bach Pestival visits Covent Garden for a single performance of the Paris (tenor) version of Gleck's Orpheus and Eurydice. Charles Farncombe conducts, and the title roles are taken by Andreas Jaggi and Marilyn Hill Smith (240 1086)
English National Opera (Collseum). The triumphant new production by David Pountney of Hansel and Gretel is a magical combination of operatic re-thinking and real theatrical fantasy. Mark Elder conducts, superbly, Cathryn Pope and Ethna Bobinson take the title roles, and Pauline Tinsiey, far too long absent from London opera, returns to the ENO in the doubln assignment of Mother and Witch Also in repertory: the last performance of the Rosenkavalier revival, attractively conducted by Christian Budes, with Valerie Masterson a light but marveilously elegant Marschallin; and the latest appearance of Graham Vick's deeply unsatisfying Madam Butterfly production, with Janice Cairns and Edmund Barham as Cie-Cio-San and Pinkerton. (836 3161)

#### **WEST GERMANY**

Serlin, Deutsche Oper. Der Troubadour is a Herbert von Karsjan production and features Viktor van
Halem and Franco Bonisolli.
Orpheus in der Unterweit is
revived with Julia Conwell, Barbara Scherker and David Griffith.
Also offered La Boheme and La
Gloconda. (34581).
Iamburg, Stratsoper, Cav and Pag
stars Julia Varady, Hildegard Har-

twig, Giorgio Lamberti, Piero Cappuccilli, Natalia Troitakaya and Wladimir Atlantow. Zar und Zimermann will be conducted by Manfred Schandert. Zemlinaky's rarely played Rine Florentinische Tragodie/Der Geburtatag der Infantin has fine interpretations by Elisabeth Steiner, Inga Nielsen, Dieter Weller and Kenneth Riegel. John Neumeier's ballet Daphnis and Chloe/Der Feuervogel closes this week. (35 11 51).

Frankfurt, Opera. Cost Fan Tutte returns with a new cast led by Clarry Bartha, Marianne Rorhim, Michal Shamir and Douglas Johnson and will be conducted by Ira Levin. Le Nozze di Figaro features Hildegard Heichele, Wolfgang Schone, Nan Christie and Marianne Borhim. Der Fliegende Hollander has Simon Estes in the title role and Kurt Moll as Daland. (25621).

Manchen, Bayerische Staatsoper. The week starts with Der Widerspenstigen Zahmnng, chureographed by the late John Cranko. Gotterdammerung is steered to triumph by Uts Vinzing, Lisbeth Balsiev, Cornella Wulkopf, Rens Kollo and Marti Salminen, Faust, sung in French, has Carol Vaness, Ruggero Raimondl and Francisco Araiza. Don Giovanni stars Elisabeth Connell, Irudeliese Schmidt, Peter Schreler and Christian Boesch. Also in the repertory: Tosca. (21851).

#### ITALY

Milan, Testro alla Scala. First performence in Italy of Niccolo Jommelli's Fetonte, conducted by
Hans Vonk and directed by Luca.
Ronconi. In the cast are Lucians
Serra, Curtis Rayam, Mariana
Nicolesco and Luciana d'Intino.
Also Verdi's I due Foscari, conducted by Gianandrea Gavazzeni
and directed by Pier Luigi Pizzi
(also responsible for the acenery
and costumes). The splendid Renato Bruson (alternating with

Eduard Tumagian) leads a cast
which incindes Linda Roaristrummer (alternating with Maria
Guleghina) and Renato Cazuniga
(alternating with Ernesto Gavazzi) (80 91 26).

Naples, Teatro san Carlo. London
Festival Ballet with Natalia Makarova in Four Works. (41 70 44).

Rome, Teatro dell'Opera. La Bohème, in the successful production
seen here two sessons ago, this
time conducted by the young
Spanish condector Miguel Angel
Gomez Martinez. The busband and
wife team, Veriano Luchetti and
Mietta Sighele lead the cast. Also,
Bellini's La Sonnambula, in the
same production as given here
two years ago, conducted by Hubert Soudant. American aoprano
June Andreson leads the cast. (48
17 55).

Taria, Teatro Regio. Gotterdammerung, sung in German, conducted
by Zoltan Peako and directed by
Gianfranco de Bosio, with Jezznine Akmeyer, Herlbert Steinbach
and Cheryl Studer. (54 80 00).

Genos, Teatro Margherita. Genon
Opera opens has season with
Manon by Massenet sung in
French, conducted by Daniel Orea
and directed by Alberto Fassini,
with scenery and costumes by
Pasquale Grossi, Fianma lezo d'Amico sings the title role (alternatling with Florians Sovilia and
Leontina Vadnva), with Pietro
Ballo (Chevalier des Grieux) alternating with Lucs Canonici, and
Kurt Rydl as the Conte des
Grieux. (58 92 39 and 59 16 87).

AMSTERDAM

#### **AMSTERDAM**

The Netherlands Opera (Muziek-theater). Don Giovanni directed by Alfred Kirchner with Nikolaus Harancount conducting the Con-certgebouw Orchestra and Glenn Wilson, continuo. William Shimell in the title role, with Patricia Schuman, Edith Wiens and Hans Peter Blochwitz (Tue, Thur). (25 54 55).

\$13,200 for a Vienna oval tray objects for sale for well under painted by Joseph Nigg around \$1000. There is an attempt to 1834 with a still life of flowers. The same sum secured a 19th place at which to buy an century Italian white marble extravagant Valentine Day

pany has announced that its two major oew productions opening at its London Barbican Theatre this year will be Chekhov's The Three Sisters, directed by Jaho Barton (August), and Farquhar's The Recruiting Officer, directed by Barry Kyle (September).

The other plays are the three Shakespeare transfers from Shakespeare transfars fram Stratford – Much Ado About Nothing, the Henry VI plays and Richard III.

Joely Richardson has had to

# Continued from Page 22 Opera and Ballet

Paris Opéra. Orphée aux Enfers is conducted by Lothar Zagrozek with Michel Senechal, tenor, dominating Jean-Louis Martinety's production of Offenbach's joyous paredy of Gluck. Afternates with Homage to Serga Lifar by the stam and pupils of the Paris Opéra Ballet with leare danced in Picasao's decor and costumes. (47425871).

La Fille dia Regiment. Conducted by John Burdekin at the Opéra Comique (47425871).

# **NEW YORK**

ity of the poetry.

remains doggedly de-activated, Adonis's fate at the hands of

the boar completely ducked, dressed up in footling fussiness.
At least in Lucreos there is

much in the first half. Eros is denied in Venus but gratified in

Lucrece. The approach here is of direct story-telling, not of

Washington Opera (Eisenhower).
The Consul. Gisn Carlo Menotti's
1960 Pulitzer-prise winning opera
protesting against police states is
directed by the composer in repertory with L'Italiana in Algerie.
Kennedy Center. (264 3670).
HMS Pinafore (Opera House). Brian
McDonald's production stars fon
Moody and Meg Bussest. Kennedy
Center. Emis Peb 6. (264 3770).

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#### **FINANCIAL TIMES**

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# Changing role of the Bank

Many people will aee the Government's decision to ask Mr Leigh-Pemberton to stay on as a sign that it wants the Bank to continue playing the less assertive, more functional role which it has taken on in the 1980's in both mone-tary and banking matters. While this transformation undoubtedly owes something to the emoillent character of Mr Leigh-Pemberton himself, it is circumstances as much as the man which have brought

about the change.

There is no doubt that the last five years have marked a transition by the Bank. Whereas it used to exercise its authority through informal means, it now derives its powers largely from statute. But a modernisation of the Bank's role was also desirable - at least in some areas - and Mr Leigh-Pemberton's contri-bution to the process may well be that he has gracefully facilitated what was inevitable anyway.

#### Serious weaknesses

In the management of the UK economy, governments until the mid-1970's used to leave much of the handling of monetary policy to the Bank because that was its area of competence; Whitehall's principal interest was in fiscal policy, then thought far more important. However, the priority attached to monetary policy was greatly enhanced after the sterling crisis of 1976; since then, and especially under the present intel-lectually self-confident Chancellor, monetary strategy has remained the Treasury's

The traditional role of the become limited to the more come.

THE APPOINTMENT of a technical one of administering Governor to the Bank of policy in the markets. Its abil-England is a good moment to take stock of an institution been further reduced by the take stock of an institution which plays a central role in personality of the Governor, the country's financial and banking affairs. On this occasion, the re-appointment of Mr Robin Leigh-Pemberton did the other day when he warned of the Inflationary dangers lurking in the econchange to which the Bank, like every other institution in the City of London, has been further reduced by the personality of the Governor, although the Bank still speaks out — as Mr Leigh-Pemberton did the other day when he warned of the Inflationary dangers lurking in the economy. How greatly preferable, though, ia the more disciplined approach now taken to the management of monetary and foreign exchange policy and foreign exchange policy over the costly muddles of the prior decade.

> In its other role, as guardian of the British banking sys-tem, the Bank has also seen its powers altered. The Johnson Matthey Bankers crisis in 1984 exposed serious weak-nesses in its supervisory com-petence and accelerated new banking legislation which has given the Bank more clearly defined powers. The new Banking Act has provided a better framework for the management of the City which now has 600 banks, 400 of them foreign, and where a flicker of the Governor's eyebrows no longer obtains instant results - or is even understood by many of

#### Club ethic

If all this has drained some of the Bank's small store of independence and mystique, Mr Leigh-Pemberton's first term has some achievements to its credit. On the securities side the Bank played a leading part in a fundamental modernisation of the City which was achieved in the space of only two years. The jury is still out, but the Bank wins marks for its performance so far. It has also led the international debate on the regulation of multinational banks which is expected to produce a major accord later this year. Both these achievementa have helped reinforce London's position as an international financial cen-

The Bank appears to be recovering from a period when its reputation, both Bank as a voice to advise and within the City and in Whitewarn government has been hall, was at a low ebb. Its reduced, and its utterings retreat from the old City club now come more from the ethic towards a more open wings than from centre stage. and less discretionary regime
The Bank's function has was both necessary and wel-

# **Anglo-French** priorities

THE ANGLO-FRENCH summit not be allowed to dominate which takes place in London the discussions to such an today comes as a timely extent that Anglo-French reminder that there is more to nuclear co-operation is European co-operation than pushed into the background. the ever-deepening relation- For here, the French have ship between Paris and Bonn. shown a real desire for co-op-Recent history has demon-strated that Franco-German area for Western defence Recent history has demonstrated that Franco-German reconciliation is a pre-condition for peace in Europe. Yet there is a danger that, if too much emphasis is placed by Paris and Bonn on their bilateral links, the objective of greater political and defence co-operation within the European reacondition is a pre-condition of the INF treaty.

If British enthusiasm for an atractic in this development of an air-launched nuclear missile has been noticeably less than greater political and defence co-operation within the European reacondition is a pre-condition in Europe. Yet there is a danger that, if too much emphasis is placed by lateral links, the objective of greater political and defence co-operation within the European reacondition in a key area for Western defence of the roughest of measures, if Sir Derrick Holden-Brown, too is flattered, appalled, or outgoing chief executive of Allied-Lyons, is a vintage Chambon the joint development of an air-launched nuclear missile has been noticeably less than gravity).

With the low cunning matching that of France, it is not only because of a disagreement because of a disagreement of the INF treaty.

If British enthusiasm for a cultive of the INF treaty.

Allied-Lyons, is a vintage Chambon the bound the joint development of an air-launched nuclear missile and Martin is a good two pints of best bitter (1055 original gravity).

With the low cunning matching that of Freet Street's more than the low cunning matching that of Freet Street's more than the roughest of measures, if Sir Derrick Holden-Brown, too is flattered, appalled, or outgoing chief executive of Allied-Lyons, is a vintage Chambon that an article in this accuracy is a vintage Chambon that a province of best bitter (1055 original gravity).

With the low cunning matching the conclusion of the INF treaty. pean Community could be

The meetings that Mra Thatcher will be having today with President Mitterrand and Mr Chirac, the French Prime Minister, should provide an excellent opportunity for examining ways in which Britain can become more closely involved in the process of giving Europa a greater role in Western defence. However, it is not certain that the British and French leaders have the same priorities. While President Mitterrand is expected to try to give the joint development of an air-Isunched nucleararmed missile a fresh political stimulus, Mrs Thatcher may be more concerned with enlisting French support for the British position on agri-cultural and budgetary reform in the Community.

#### Key area

The French reaction to the Prime Minister's insistence that West German attempts to water down proposals for gency plans have to be made curbing farm spending and nothing would create a through so-called budget stabilisers must be countered at in Europe if the continent's all costs will provide an important pointer to next to start co-operating on the month's European summit development of nuclear weapdebate on the subject. But her ons. Such co-operation, in chances of obtaining anything conjunction with the joint but an ambiguous reply are slim, since the French appear broadly to support the compromise tabled by the West be seen as strengthening the Germans in Brussels.

European pillar of Nato and

Germans in Brussels.
Important as these Community issues are, they should a whole.

because of a disagreement between the two air forces over the ranga of the new weapon. Mrs Thatcher is said to be concerned that co-operation on nuclear weapons between Britain and France might weaken the US's nuclear and overall military commitment to the defence of Europe and thus undermine

#### Military sphere

If that is really the Prime Minister's view, she should be reminded that successive US Administrations have repeatedly urged the Enropean allies to assume a greater share of the burden of defending their continent. Even more relevant is the likelihood that the US military presence in Europe will, in any case, have to be reduced in the longer run as the result of budgetary con-

A realistic defence pollcy for Europe cannot be based just on the hope that such a day will never come. Continonly two nuclear powers were steps taken by France and West Germany in the conventional military sphere, should thus the Western Alliance as

## Robert Graham reports on Argentina after the second failed military rebellion in nine months

PRESIDENT Raul Alfonsin has hooked his credibility to a ringing sentence uttered in the aftermath of last week's military rebellion. "We have once again put the house in order," he said reassuringly.

But he needs to do a lot

more reassuring, both at home and abroad, after the 36-hour rebellion that was crushed on January 18. It was the second such uprising in nine months and came as his popularity was being eroded by divisions within his Radical Party and by his Government's repeated failures to grapple with Argentina'a atagnant, debt-ridden economy

omy. Today, Argentines are no longer nervously listening to their translstors and those that can keep abreast of inflathat can keep abreast of infia-tion have resumed summer beach life. The leader of the rebellion, ex-Colonel Aldo Rico, who boasted that "a sol-dier does not negotiate, a sol-dier fights," has surrendered; and the army high command has detained those responsi-ble in the higgest purge of ble, in the biggest purge of the officer corps for more than 25 years.

All the same, Mr Alfonsin l'Armée Secrète (OAS) among ple, cannot silp easily into a mid-summer snooze. Political cartonists in Buenos Aires have attributes of an OAS diehard, ing C been portraying him as a down to his "poor white" a col haunted sleeper – menaced by a clutch of political, military and economic apectres, including Col Rico, the Peronist opposition and the IMF.

Col Rico and the commandos he led suffered from a

Col Rico was a spectre on a particular problem. They return visit. As well as leadwere victims of Argentina's ing this month's rebellion, he also instigated the uprising the Falklands defeat - populast Easter and should have been behind bars. Instead he was able to escape from Their self-importance was able to a swellen by the current of the Col Rico was a spectre on a Aires country club to the gar-rebellion last Easter when Col-rison town of Monte Caseros, Rico took over the main infan-380 miles north of the capital. From there he demanded a the military's role during the "Dirty War" against the Left (1976-82). shake-up of the army high refused to act against him.

command and a vindication of Although President Alf

These, he Insisted, were purely military demands. But if he had been successful, Col Rico would have split the military establishment, taken all credibility from President

Falklands defeat Alfonsin and dealt a body blow to democracy.

This last is the most important aspect. Democracy has been consolidated - since the junta ceded power after the Junta ceded power after the 1982 Falklands debacle — by the military accepting civilian authority. President Alfonsin solved the problem of getting democracy accepted by the higher ranks by forcing the generals to retire, or by arraigning the principal junta figures. What has been the hancomposited has been the hancomposited has been the hancomposited the principal generals. complicated has been the handling of those who could not dle-rank and funlor officers and NCOs who grew up under the Dirty War. Even if, like the Dirty War. Even 11, and Col Rico, they took no direct part in the Dirty War Itself, they were often embittered by they were often embittered by presidential spokesman, gives several reasons for the failure the resolution of the January crisis was phoney. They fear

These are men who have the armed forces. the armed forces.

In the new democratic order. Their privileges are reduced, and they have been cold-shouldered by much of the public. Their dissatisfaction has spawned a bitterness similar to that which respectively. The feetively are samesty for all those involved in the Dirty War and a cancellation of the pending human rights cases.

Close associates of Mr Alfonsin insist such a concessation would be politically morted levelists. He also provided in the Dirty War and a cancellation of the pending human rights cases.

Alfonsin battles to keep the balance

dos he led suffered from a particular problem. They house arrest in a Buenos swoilen by the outcome of the try barracks ootside Buenos Aires, and his fellow officers

Argentina's need

for heroes after the

made to end last year's rebellion, events quickly proved otherwise. A law was introreduced the number of middle-ranking and junior offlcers liable to trial from 400 to

The military influence in some 60. In addition, a number of unpopular generals were retired, military pay was increased and the rebels themselves were treated lightly.

 Col Rico revealed weakness by establishing his base at Monte Caseros, rather than in the capital, and then allowing himself to be manoeuvred into firing first on his fellow

A significant indicator of and the rest of society," says Mr Marcelo Stubrin, a leading Radical deputy.

The Government was quick to capitalise on the failure of the rebellion, detaining 328 officers and NCOs (from an army total of 15,000). These formed a coherent ideological duced acknowledging the group within the army, not principle of obeying superior affecting the other two ser-orders as a defence in cases of vice arms. If the Governhuman rights abuses commit- ment's pledge of stiff punish-

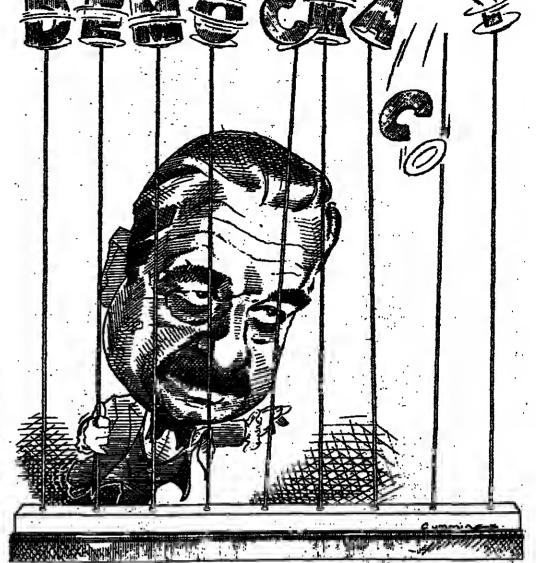
The military influence in politics remains, however, an issue. Mr Alfonsin's critics are concerned about the attitudes of "loyal" officers. Dur-ing the rebellion, President uted to the outbreak of the tiate and let Gen Caridi take same time them, but at the charge to all the their superiors' incompetent handling of the Falklands of the second uprising: crisis was phoney. They fear conflict.

The concessions made last that Gen Caridi will seek, as a Easter satisfied the bulk of quid pro quo for his loyalty,

All the same, Mr Alfonsin l'Armée Secrète (OAS) among ple, Gen Juan Ramon Mabragana, who led the armoured thrust on Monte Caseros forc-ing Col Rico's surrender, was a colonel only nine months

the rebellion's failure was the way the citizens of Monte Caseros applauded a liberating column of loyal troops. In a nation where soldiers have been seen as oppressors, the idea that they might be on the side of the people is startling. "This aspect of the rebellion, that there are loyal troops backing the democratic order, provides a means to build a bridge between the military

nurtured the Organisation de moted loyalists – for exam- impossible for him. Col Rico's



and was for a shake-up of the army high command, including the army chief of staff. Gen Caridi was therefore acting primarily to save his own credibility and posi-tion; the president owes him

These criticisms aside, the resounding defeat of the rebellion has certainly helped Mr Alfonsin with his political problems. In the short term, political commentators believe the president has recovered much of the ground lost after last year's rebellion. The concessions made then The concessions made then led to a poor performance by the Radicals in last year's mid-term parliamentary elections, and gains by the opposition Peronists. In the debate surrounding this month's rebellion, the Peronists have not distinguished themselves. not distinguished themselves, choosing to blame the Govern-ment for the uprising when they have done nothing but sit on the fence themselves.

The Peropists are divided on the extent to which they want to help President Alfon-sin. The Peronist presidential hopeful, Mr Antonio Caffero, is anxious to play a construc-tive role and is aware that forcing a political showdown would be counter-productive. Mr Alfonsin can take only partial comfort from this

opposition disarray. His term lasts until 1989, and the constitution prohibits a second, so he will soon become a lame-dnck leader. His only way round this is to change the constitution, but his party is divided on the issue, as are the Peronists.

onth's rebellion has been little belp to the country's image of stability - at a time image of stability - at a time foster paironage.

when its external economic Mr. Alfonsin apparently position is worse than at any hopes to twist the arm of the time since the onset of the international community on time since the onset of the

This year \$4.5bn is due to be zil's nor Perus problems.

vice of the \$54bm debt. The a start has been made.

And the president is not unions, fighting to preserve only playing to a domestic real wages, have been recalci-audlence; his Government's trant in agreeing to a "social attempts to resolve the compact." Public spending has try's economic problems consistently overshot targets depend in large measure on through the Government's the attitudes of Argentina's inability to control the big. foreign creditors. Here, this semi-autonomous state com-month's rebellion has been lit-panies and the desire of both the Peronists and Radicals to

agricultural goods, which still second surgers agreement. The surgers agricultural goods, which still second surgers agreement. agricultural goods, which still "solidarity agreement" with account for 75 per cent of Spain; providing up to \$3bm exports. Readily usable over the next four years in reserves are as low as \$500m. financial aid, credits and

paid out in debt service and on the most optimistic projections of the trade surplus, the country will need a minimum \$2bn in fresh money. The alternative is some form of loan Argentina was then 11th debt moratorium, a route in the league of the world's which has solved paither area. which has solved neither Bra- wealthy countries. It is now

almost 100th on the list.
This comparison illustrates Negotiations began this This comparison illustrates week in Washington with the that, if Argentina's house is international Monetary Fund in order as President Alfonsin on new financial aid, but the claims, he can only be referfund's demands are the same ring to military matters. The as when help was first sought economic house is still in disin 1985: reduce inflation (now array; the president's political back np to 8 per cent a position, though stronger, still month) by cutting back the suffers from inherent weak-bloated public sector, raise nesses; for the remainder of utility tariffs and establish a his term he will have to keep more realistic exchange rate a wary eye on the military.

None the less, Mr Alfonsin is
The blame lies less with the right to find reassurance in Government's policies than the failure of the rebellion: with their implementation, though a bridge between civil-combined with the constant ians and the military cannot drain of funds caused by ser- be built in such a short time.

#### Good head, lively body

gravity).
Martin, 55, may lack the sub-tler qualities of Sir Derrick, who is keeping the job of group chairman, but for after-taste

showplace of modern beer tech-nology and working practices. However, his frank manner, which translated into an up-and-at-'em attitude during the defence against the bid from lots. Filler's Filers IXI. in John Elllott's Elders IXL in 1985, was considered a little too abrasive for delicate City

temperaments. Sir Derrick's hired advisers, and some of his own people, were dubious about Martin's anitability for presenting Allied's case to the institutions. He was deemed too little known in the City community, and his tendency to react impatiently to daft questions was thought a German relations remain close touch risky at such a delicate

While he will doubtless be properly introduced before he times prefsr Bonn, sometimes takes charge of group Paris. At present the West Geroperations at the end of the mans are in the doghouse and operations at the end of the mans are in the lognouse and the year, it is to be hoped that in the interim his tetchiness is not too much altered by closer association with the silkily urbane Sir Derrick.

The responsibility for this behaviour seems to me to lie largely in London which does not want to put the triangle together.

There is one way, however, in which Kohl and Mitterrand could issue a polite challenge.

Low punch

# *Observer*

deputy chairman of London-

scurrilous journals, the maga-zine told Rudloff's secretary when ahe inquired whether chairman, but for after-taste and wallop he could scarcely be equalled among the upper ranks of management of the cakes-and-ale group.

It was no mean task to perform a heart transplant on Allied's heer division. As managing director of Allied Breweries, Martin guided the complex and fraught operation which transformed its flagship Ind Coope Burton plant into a showplace of modern heer technical staff said after-task wards: "I hadn't the heart to tell her that we had pictured him with flames coming out of his ears and two horns."

Two's company

The respective leaders of Britain, France and West Germany appear almost to enjoy

many appear almost to enjoy not getting on a trois in a perpetual game of playing one off against the other.

They are at it again. Presi-dent Mitterrand and a team of ministers are in London seeing Margaret Thatcher and her col-

leagues today. Chancellor Kohl la paying a brief visit oext week, but the more detailed consultations that are supposed to be a normal part of Anglo-German governmental relations seem to have been postponed indefinitely.

Kohl and Mitterrand are in

regardless of the political com-plexions of their Governments. British Prime Ministers some-

could issue a polite challenge.
They could formally and jointly



"I would think an SDP dele gate, of all people, could

mechanism of the European Monetary System. That idea has been discussed at diplomatic level in both Paris and Bonn, but the joint invita-tion has never been made. It would be good for Britain, good for the European Community and extraordinarily hard for Thatcher to refuse if she did, it would be equally hard for her to blame the French and the Germans for suspecting her European credentials.

Cezanne fan

That part of the Local Govdictates that local anthorities must not promote homosexual-ity has come under the scrutiny of Sir Lawrence Gowing, the artist and art historian.

Gowing amouncing plans for what sounded like a positively ateamy exhibition of early Cezanne works at the Royal Academy in April, had his audi-ence on the edge of its seats It remains to be seen invite Thatcher to take the vesterday when he provided whether Hans-Joerg Rudloff, pound into the exchange rate trailer of what was in store.

With the skill of a Jackie Collins reaching the end of a chap-ter, he said: "It will reinstate Cezanne as a 19th century subject painter full of rampant sex-uality. Next slide please."

There was more to come. Cezanne was a close friend of Emile Zola and once painted Zola's black marble clock. Pointing to a slide of the painting, Gowing said: "I will not conceal from you that the exhibition catalogue has much to say about Zois and that that relationship came well within the provisions of clause 28."

Shultz shuttle ■ On Monday this week Hanna Siniora and Payez Abu

Rahme, a Jerusalem newspaper editor and a Gazan lawyer, were just two of the many thousands of Palestinians cur-rently banned from travelling abroad on the grounds that they were a threat to Israeli security.
Siniors, calling for civil disobedience against the occupation, had restrictions on his

tion, had restrictions on his movements; while Abu Rahme was in Gaza City under a personal travel ban. Two days later they were in Washington meeting George Shultz, at the express request of the US Secretary, of State. Siniora has long been the favourite "moderate Palestinian" of both the Reagan-Administration and the Labour wing of the Israeli coalition wing of the Israeli coalition Government. Significantly, both he and Abu Rahme have in the past had the blessing of the PLO to take part in future talks with Israel. Shultz personally intervened at the highest level. to relax the banning orders and telephoned Siniora to make sure

his papers were in order.

Abu Rahme, meanwhile, was at home in bed when he received a 2 am call from the Israeli military. Passes and papers were spirited together in a matter of hours in time for the flight.

To the point

Coverheard in a Cambridge college court the other day, one don to another: "And ninthly.....

# hroug

#### Lazard Investors 21 MOORFIELDS, LONDON EC2P 2HT TELEPHONE: 01-588 2721 When share prices crashed, we at Lazard estors made a point of phoning our clients. We gave them our considered view of . And most importantly, we gave them individual advice on their portfolios. Lazard Investors offer discretionary investnt management for private investors with portfolios of £500,000 or more. It's a service which is active, rather than A service administered by personal managers who are more than just fair weather friends. The outlook for investors at this point is far from clear. The answer may be to send for further details about us. There is no obligation on your part. Philip Stevens, Lezard Investors, 21 Moorfields. London EC2P 2HT Telephone: 01-588 2721

MR NEIL KINNOCK could be the best leader that Britain's social democrats have got. Right now he runs the Labour Party and calls his creed democratic socialism, but whichever way you order the words they mean pretty much the same thing.

The differences are no greater than they were

e months

greater than they were between Lilliput, where the practice was to break eggs at the smaller end, and Blefescu, ruled by Big-Endlans. It is all there in Gulliver's Travels. (My edition has a learned introduction by Michael Foot, introduction by Michael Foot, whose disastrous leadership of the Labour Party precipitated the defection of its right-wing "social democrats" in 1981.) Gulliver records the publication of many hundreds of large volumes on the controversy between the Little-Endians and the Big-Endians. Endians and the Big-Endians. Social democratic/democratic socialist opponents of the socialist opponents of the British Conservative Government's mix of populism and old-fashioned economic liberalism have yet to acknowledge that an egg is an egg, whichever way you crack it.

Until they do, tiny social democratic politicians will continue to run round like ants beneath the steady tread

continue to run round like ants beneath the steady tread of Mrs Margaret Thatcher. Last weekend the Liberals decided to rename their party the Social and Liberal Democrats in the hope that, this weekend, the Social Democratic Party will vote to join them. The common expecta-tion is that it will, but that Dr

tion is that it will, but that Dr David Owen will lead a splin-ter group of his own (the Bit-ter-Endians?), into the palm of Mrs Thatcher's hand.

If things work out that way Mr Kinnock will be in luck. His chance of winning some kind of co-operation from the new party will be greater if it does not contain Dr Owen and does not contain Dr Owen and his followers, since one of the doctor's principal ambitions appears to be to destroy the Labour Party. The received wisdom among the opposition parties is anyway that the factions cannot abide one another, so one of them -Labour, Social and Liberal Democrats, or Dr Owen's new party – must flatten the rest before going ahead to defeat

What is not so widely understood is the extent to which the minor parties would have to be crushed if or any of the other putative social democratic leaders achleving as much is piffle). national executive not to vote attacks on private consump-Labour has managed a compa-in support of a strike by the tion are no longer common-rable turnsround only twice nurses next week. before - first in the excep-

Politics Today

# Looking for the last exit from Lilliput

By Joe Rogaly

tional 1945 election, and then again in 1964. On the first occasion the Liberals won less occasion the Liberals won less than a tenth of the vote. On the second they won just over a tenth, in large part as a result of defections from the Conservatives who had won so handsomely in 1959.

Now it is possible that third, fourth and fifth parties of the Lilliputian "centre" will do such great damage to one another's credibility that their combined vote will shrink below the 10 per cent

#### Mr Kinnock knows what has caused the loss of trust.

mark, but so far there is no sign of that happening. It is unlikely to happen It is unlikely to happen until more people come to trust the Labour Party again.

Mr Kinnock, who is wiser than he is given credit for, knows what has caused the loss of that trust. The first it in Britain's Labour Party is that it has been overloss of that trust. The first item on any list would be the winter of discontent in 1978-79, when the trade unions disgraced themselves ing to create is aware of this. and their party by attacking the second, more fundamental, reason for the loss of trust in Britain's Labour Party is that it has been overlocked in an age when consumers reign. The new model party that Mr Kinnock is try-unions disgraced themselves ing to create is aware of this. and their party by attacking refuse and hospital services. In some places their members would have to be crushed if refuse their members a chance of overturning the conservatives' 101-seat majority at the next election.

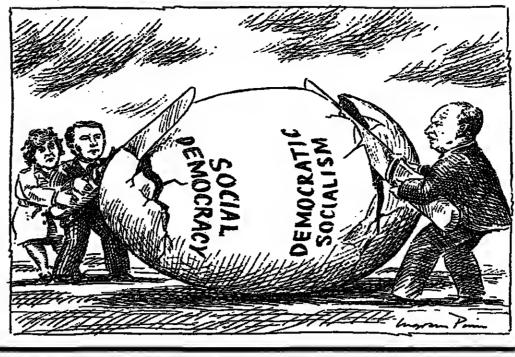
To talk of Mr Steel or Mr trying to prevent any such thing from happening again. thing from happening again. On Wednesday, for example, he persuaded Labour's

His auccess may be limited:

Labour can reel off a column of names of trade union leaders who are keeping their heads down and saying nothing to disturb the party's "new realism," but the nurses are not yet safely oo board. All this is in sharp contrast to Australia, where the Labor Prime Minister, Mr Bob mittee suspended the South-Hawke, enjoys the support of wark and Bermondsey con-a highly-intelligent group of stituency party. There will be pragmatic and non-socialist more such public rows, the trade union officials. They effect of which will surely be rade union officials. They saw the light when they witnessed Britain's unions being crushed by the Tories, whose to affirm that today's Labour Party is trying to rid itself of the extremists whose presence a consequence of the winter of discontent. As a lin the public mind a fourth

reault everything in reason for recoiling from upside-down Down Under: it Labour is closely allied with is Labor that has won the the third: the prosecution of arguments, while the conservative opposition is lost and forforn. Britain's trade union-local authorities. One may ists have not yet received the message, although Mr Kin-

His own pet phrase, "accentuate the positive," enables him to acknowledge the need for consumers' choice in all areas of life, even though, coming as he does from both Wales and the Labour party, he can hardly fail to include publicly provided services as one of the available choices. So



be a convincing

economic policy

focusing on a serious issue of

general concern Labour can

hope to grasp the initiative (although the Prime Minister

is no pushover; she has

responded swiftly by bringing reform of the health service to the forefront of her own

agenda).

self a great deal of good by concentrating on the third cause of distrust of the Labour Party: infiltration by Marxlst and Trotskylte or "Militant" activists. The pro-cess started before the 1987 election, and only this week the national executive comliamentary attacks on the Government's management of the National Health Service have demonstrated that by The next step would

agree, as the Labour leader undoubtedly does, that people abould not be persecuted for their sexual preferences, or suffer discrimination on the ground of colour or gender but also recognise, as he does, that flamboyant campaigns on these issues simply drive massed ranks of staid and

old-fashioned Labour voters away. Some vote Tory, some abstain; Labour loses. Mr Kinnock has worked hard to put these matters right. The "Labour Listens" campaign, started on Monday and scheduled to run for two years, could be construed as a means of getting party activists to listen to ordinary peo-ple's views. The move towards one-man-one-vote in

further. He has, however, grasped hold of the party there is no present option but to follow Mr Kinnock. machinery, acting like a com-bination of chairman and This is not to say that he bination of chairman and chief executive; to those who complain that this is "dictatorial" the proper reply is that if Labour cannot demonstrate that it can put its own house in order it will never convince anyona that it can run the country. His passionate parliamentary attacks on the will lead them into the promised land of electoral victory.

Too much has to fall into place for that to happen, at any rate in one go. But let us say that the new Social and Liberai Democratic Party eventually sees the sense of an accommodation with Labour and that Mr Kinnock grows to sufficient political stature to arrange one. (At present he will not hear of such a thing). The 1987
Labour Party election manifesto would probably have
suited the original Social
Democratic Party, except on
defence; next time Labour will almost certainly abandon the commitment to unilateral nuclear disarmament.

The next step would be to find a convincing economic policy, one that assured potential voters that the prosperity that Mrs Thatcher had made possible would not be taken away. All the social Labour's unthinking Left is democrats are a million miles still trying to gang up on him; it always will. There may even be a contest for the leadership of the party, although last week Mr Kinnock was successful in bruching scide. from such a policy at present; but you never know, Mr Kinnock's policy review may produce a miracle. Labour-plussocial democrats might then successful in brushing aside an attempt to campaign do quite well, especially if the Tory Government is first shown to be at a loss about against his deputy, Mr Roy shown to be at a loss about Hattersley. Events of this how to make use of the fruits kind will provide grist for of the market economy. In those parts of the press that short, Mr Kinnock's chance is are on permanent watch to slim, even if he does all the report Labour unfairly, but right things. But if the opposithey are unlikely to have tion parties continue to much effect beyond that. behave like Lilliputlans, that Lombard

# In praise of improvidence

By John Plender

ONE OF THE more curious the US has pretty well dou-features of recent interna-tional economic diplomacy has been the determination of Mr Nigel Lawson, the British Chancellor, to lecture the Americans on the need for fiscal prudence. Such exhorta-tion almost invariably irritates more than it persuades. And in the light of this week's on Japanese investment port-nent to ask whether it really folios by the devaluation of is in the British or European the dollar. All this may offer interest to see the Americans a clue to the likely pattern of abandon their allegedly trade and capital flows in fourtb quarter figures for the abandon their allegedly improvident ways.

The picture that emerged was one of unexpectedly weak consumer demand, with sales falling well short of output. As a consequence business inventories have been ness inventories have been ning at \$150-160bn was piling up at a rate that clearly impossible to finance. Private implies sharp production cuts in vestors and central banks in the first quarter of this were over-stocked with dolyear. Taken together with iars; and their reduced appetite for dollar-denominated assets the possibility of a more marked improvement in the trade balance than more marked improvement. As the chief creditors of the forecasters have been count. forecasters have been counting on to date. If US fiscal policy were to be tightened just at the point when the personal sector is alresdy releasing resources to facilitate Irade adjustment, who outside the United States will take the strain? For the inevitable counterpart of a reduction in the US deficit is a deterioration in trade bal-

The question surely has a US-Japanese trade imbalance. US-Japanese trade imbalance. With its consensual tradition, and a financial structure in which institutional investors are subjected to official guid-designed to gladden the heart of the West Germans, who have never shown any desire to occupy the role of consensual tradition, and a financial structure in which institutional investors are subjected to official guidance, it becomes perfectly logical to regard losses on dollar investments as an appropriate to occupy the role of consensual tradition, and a financial structure in which institutional investors are subjected to official guidance, it becomes perfectly logical to regard losses on dollar investments as an appropriate losse leader for Japanese exports — a form of insurance to occupy the role of consumer of last resort in the world economy. Their partipris has always been to attack the US for doing just that, while simultaneously exploiting the resulting export opportunity to bolster their own flagging growth. investors to believe that the Europe, of course, remains dollar really will be held at the destination for the greater the present level. Maybe pol-

The US market is even more important for the Japanese. Yet they have become noticeably less inclined, over the past year, to cast aspersions on US economic policy -despite the damage wrought on Japanese investment port-

One interpretation of the October stock market crash is that the market was respond-ing to the prospect that a US current account deficit run-ning at \$150-160bn was impossible to finance. Private US, however, the Japanese naturally have to ask where else they could divert their pean Community has the potential to make much impact on the Japanese probiem; and it seems unlikely that it has the political urge

It follows that Japan has a powerful interest in a relatively slow adjustment to the exports - a form of insurance against over-rapid adjust-ment. Perhaps Europe should take a leaf out of the Japa-nese book by encouraging its industrialists to go bargain tion are no longer commonthe constituency organisations are no longer commonthe the constituency organisations was a compromise; Mr Most of the Labour "moveless what they will certainly longer commonthe common is what they will certainly longer commonthe c

#### City job losses will continue

From Mr Stephen Johnson. Str. Dispute over the numbers employed in the City - 230,000 suggested by Mr Stephen Lewis of Phillips and Drew, 220,000 sted by Mr Amin Rajan of the Institute of Manpower Studies, or the more widely quoted 450,000-500,000 obscures the point about pro-spective City job losses: It is not the figures, but the proportions of the job loss that are significant.

I believe that job losses in the sector will continue for some years, and probably accelerate. The process is because of the progressive application of established technology to improve productivity – itself a result of intensifying pressure to reduce costs.

Few would deny that compe Few would deny that competition is increasing not only in stockbroking, but in other dealing sectors; in insurance, as well as in home and foreign banking. No longer confident that volumes will inevitably increase, firms seek to reduce costs: inevitably this means people and premises. Consequential job losses will occur as firms cut down on external serfirms cut down on external services. (One can choose whether to call these "City" or "non-

City" jobs.). There is nothing novel in what is happening in the City, The financial services sector's concern with services, not products, does not exempt it from recognisable trends in other sectors the "back room" is as exposed to new technology as the assembly line

Clearly identifiable pressures require City managements to plan constructively for signifi-cant potential job losses.

Stephen Johnson, Couits Career Consultants, 25 Whitehall, SW1

#### Letters to the Editor

#### Specialised help is required

From Mr Richard Bullock. Sir, Your leader of January 15 questioned the decision, announced in the Department of Trade and Industry White Paper, to continue with selec-tive subsidies for inward investment, and drew attention to the adverse impact on unsub-sidised competitors.

Your recognition of this is welcome. It is a point we have repeatedly had to draw to the attention of ministers of this and previous administrations, who have all too often ignored in their understandable desire to create new jobs in areas of high unemployment – the lon-ger term displacement effect on existing jobs in established companies, and their plans for

There is a direct link between this matter and another deci-sion trumpeted in the White Paper: the ending of "sponsor-ship" and "industry divisions." As a former practitioner in this field, I do not recognise the

description of sponsorship which is used to justify its extinction: in my experience, sponsorship was by no means a matter of claiming responsibil-ity for the "destiny" of particu-lar sectors of industry nor of supporting their claims right or

It involved having a good enough understanding of the nature, problems and structure of an industry, and knowledge of its leading figures, to be able to make an informed judgement of the effects on that industry of government policies, and to ensure that these were under-stood by those taking decisions

- not only on inward invest-ment cases, but across the whole range of government poli-

As the White Paper itself says. The way in which these policies are pursued, and the instruments used, can have a major and sometimes an uninenterprise. There is a need to influence the implementation of such policies so that they help more, or interfere less, with the essential process of wealth cre-ation. The last sentence can hardly be bettered as a defini-tion of the need met by the sponsorship function.

It is unreasonable to expect civil service experts on, say, tariffs, or health and safety, to have a sufficient understanding of the widely varying impact of decisions in such fields on different sectors of industry to be able to avoid the risk of "an

tended impact. If the decision to abolish aponsorship by industry divisions means that the DTI will no longer have staff with a specialised understanding of particular industrial sectors, then I fear the number of "unin-tended" and damaging consequences of Government actions and inactions is likely to increase - to the detriment of Lord Young's ambition that his "Department for Enterprise" should assist the process of "increasing prosperity' throughout the economy.

Richard H.W. Bullock, try Federation, 7-8 Savile Row, W1

#### Nato policy is being reviewed

From Mr William C Danvers. Sir, Mr Robert Mauthner's article, "Nato policy is ripe for review" (January 19), clearly presents the case why the North Atlantic Treaty Organisation (Nato) must begin much needed review of its

strategy. The North Atlantic Assembly (NAA) has undertaken a study of the future of the alliance Headed by Senator William Roth of the US, it will, among other things, examine the role of Nato into the coming cen-

I hope that this report, due to be released in the next few months, will serve as useful a function as the Harmel Report an analysis of "The Future Tasks of the Alliance", adopted by the allies in 1967. As Stan an wrote in his book, Nato's Future, the Harmel Report "provided an intellectual and political framework for Nato policies which accommodated the growing split in the alliance between left and right." Perhsps the new North Atlan-

tic Assembly report can help bridge the gap between the present dichotomy confronting Nator apathy versus commit-ment to the alliance. In any case, having such a study from the Assembly, an international organisation consisting of Nato countries' parliamentarians will guarantee that the political dimension of the debate over Nato's future will receive its proper emphasis. in addition, the NAA's secretary general, Dr Peter Corterier, a former mem-ber of the Bundestag and Minis-ter of State in the West German Foreign Ministry, has a keen understanding of Nato's prob-

lems. William C. Danvers, 110 S Buchanan Street, Arlington, Virginia 22204, USA.

#### European Telecom Organizations ask you: Complicated business communication or Teletex?

"The expenses for the horses are high, but necessary; to both them in wine and other expensive things fur exomple."



political ngent Peter Poul Rubens to the Duke of Montua, 1603.

We dun't know whether the burses that delivered this message had also bathed in wine. It is certain, though, that such business currespondence for Rubens was very cumplicated and time-cunsuming. And many peuple have his problems

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#### Electronic Components Indus-

Bureaucrats left by ministers to play God for too long

From Mr Hugh Corbst.

Sir, Harry Shutt probably enjoyed writing his letter about the report of the Trade Policy Research Centre's study group on "Public Scrutiny of Protection", headed by Olivier Long, the former Director-General of the General Agreement of Tariff and Trade (GATT). It can be fun taking swipes at people one does not know about things one knows little or nothing about.

His remarks (December 31) have only just been drawn to my attention after returning from the Far East, where we convened in Bali on January 8-10 the fourth Asian-Pacific trade conference at which, incidentally, ministers and officials responded very positively to the proposals in the Long Report.

"Faw would diennte" - Mr

Shutt writes - "the desirability of bureaucrats to bring of having more informed public particular industry. The pur-

on "Public Scrutiny of Protection", headed by Olivier Long. he former Director-General of he General Agreement of Tarff and Trade (GATT). It can be int taking swipes at people one loes not know about things one crows little or nothing about.

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"Few would dispute" — Mr Shutt writes — "the desirability of the fourth as a stance, whether through subsidies or protection, be given to a manufacture in the fourth as the conduct of the fourth as a stance, whether through subsidies or protection, be given to a manufacture industrie.

debate on economic policy issues generally." In this particular instance, however, Mr shutt has not tronbied to inform himself, for he obviously has not read the Long Report.

The Long's study group has not read to the consumers and taxpayers), of the proposed taxpayers), of the proposed over the consumers and taxpayers, of the proposed taxpayers, of the proposed out the consequences of continuous continuous development of nations. In the meantime, the should be noted that it tax of governments in tigual Round negotistics proceeding in Geneva unapplied to the consequence of the public enquiry development of nations. In the meantime, the should be noted that it tax of governments in tigual Round negotistics of the proposed to the consequence of the proposed to the proposed to

taxpayers), of the proposed public assistance.

Mr Shutt says he is not arguing for narrow, autarkic protectionism, but for recognition that the benefits of international trade can ultimately be secured only through a process of regulation and negotiation, openly conducted, which ensures a degree of equity in Who would be responsible for that process? When Mr Shutt saying "governments," he should write again. Perhsps then, Sir, we could all share something of his faith in the ability of bureaucrats to bring the consequences of bureaucrats in industrialised countries out the consequences of bureaucrats in industrialised countries in industrialised countries out the consequences of bureaucrats in industrialised countries in industrialised countries out the consequences of bureaucrats in industrialised countries in industrialised countries out the consequences of bureaucrats in industrialised countries out the consequences of bureaucrats in industrialised countries in industrialised countries out the consequences of bureaucrats in industrialised countries in industrialised countries out the consequences of bureaucrats in industrialised countries in industrialised

In the meantime, though, it should be noted that the main task of governments in the Uru-guay Round negotistions, now proceeding in Geneva under the auspices of the GATT, is to sort

# **FINANCIAL TIMES**

Friday January 29 1988



A space mission to Mars is not far away, writes Peter Marsh in London

# Soviet Union reaches for the stars

is poised to produce a range of valuable scientific expertise, especially in the field of medicine, and could lay a firm foundation for a manned voyage to

Mars.
Unlike the US, whose own space programme has suffered a series of serious accidents and technical delays and has only recently been authorised only recently been authorised to start construction on a permanent manned space station, the Soviet Union has consistently been setting records for space flight.

Western experts are speculating that a manned Mars mission could be attempted early next.

could be attempted early next century: a three-year round-trip for which information on how the human body would react to

long periods of near-weightless-ness would be vital.

Meanwhile, the Soviet Union is gathering important informais gathering important informa-tion in a range of medical areas auch as bone disease and the ageing process by keeping peo-ple in space for progressively longer periods. This research has during the past two years, pulled shead significantly from the US effort.

Last month, Mr Vladimir Titov and Mr Musa Manarov, two Soviet cosmonauts, took over occupancy of Mir, the country's current space station, where they are expected to remain until the end of the

The epacemen are likely to try and beat the new record for remaining in orbit, set up by Mr Yuri Romanenko, another Soviet cosmonaut, who returned to Earth on December

29 after 326 days in space.
Since the Soviet Union launched Salyut-1, its first space station, 17 years ago Soviet spacemen have remained above the atmosphere for an equivalent of 14 years. Beginning with the first long-dura-tion space flight of 62 days in

tion space flight of 62 days in 1975, the country has kept its citizens In orbit for progressively longer periods.

The Soviet Union has launched a total of seven space stations in the Salyut series together with the Mir base, which is intended to be permanently occupied by a rotation of nently occupied by a rotation of crews. Mir was launched in February 1986. Since the 62-day flight 13

fewer than seven occasions.

The Soviet record ie in marked contrast to America's manned space efforts, which have came to a halt after the Challenger space ehuttle disas-ter exactly two years ago yesterday. America's astronauts have clocked up about 1,800 days in orbit eince manned launches started in 1951, or roughly a third of the Soviet

One of the Soviet Union'e chief goals in building np space base which could be in expertise in space flight orbit in the mid-1990s. appears be a preparation for a manned trip to Mars, according scientist who has written sev-

#### **US** sets date for launch of space shuttle

The US hopes to launch the next space shnttle on August 4, Reuter reports from Washington.

A series of test failures hus twice forced the National Aeronautics and Space Administration to postpone the launch date for the next shuttle mis-

But Mr Richard Truly, Nasa's associate administrator for space flight, defended the time it has taken to pnt the shuttle programme back into opera-tion.

"It has clearly demonstrated that we have struck the proper balance between the proper balance between our first priority of safety and quality while still main-taining our commitment to return the space shuttle to flight just as quickly as we can reliably do so," he told a Congressional committee. • In Washlugton and thronghont the US quiet ceremonies took place yes-terday to mark the second anniversary of the Chal-lenger disaster.

Yari Romanenko (right), the Soviet cosmonaat, who epeut 11 months in space

ing US commentator on the Soviet space programme. Mr Johnson, advisory scientiet at Teledyne Brown Engineering, a US aerospace company, said that to some degree staging progressively longer space flights conflicted with

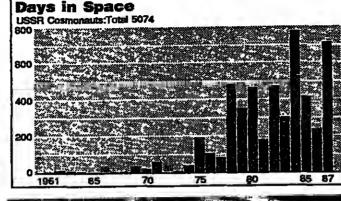
efficient operations in orbit.

An important aspect of the Mir space-station missions is a series of experiments, including measurements of the human body's adaptation to weightles-sness, studies of processing

years ago, the country has besten its own record for long-stay manned space flights on no do jobs like attending to the experiments and essential sta-

The difficulties are increased in a small epace atation like Mir, a metal cylinder roughly 13 metres long and 4 metres in

Mir is extremely cramped and there are few opportunities for relaxing other than reading or gazing out of the window. It is believed that the Soviet Union is working on a much roomier





to Mr Nicholas Johnson, a lead- eral books on the Soviet space mation of possibla value to programme, said the Soviet medical researchers on Earth.
Union was poised to make important discoveries in biomedicine as a result of its miscould collaborate in efforts to medicine as a result of its mis-

In space flight, scientists data from space. As for other areas of research aspects of physiology with the force of gravity removed. In the process they may shed light on areas such as the functions of the lung and heart and cell-replication procedures.

Other information may be apply some of the blomedical data from space.

As for other areas of research which the Soviets' extraterrestrial efforts are affecting, the country's space engineers appear to be placing great stress on materials experiments. In these, cosmonauts are attempting to produce, under

low-gravity materials and like osteoporosis – a bone dis-observation of the Earth.

Space scientists agree that which affects many older

bones. Efforts to combat this, either by drugs or by carefully formulated periods of exercise, could help the battle against

bone disease on Earth.

According to Mr Oberg, the
Soviets are likely to share much of the medical information from space flight with other coun-tries. "They are blazing a trail for the world," he said.

Dr David Grundy, deputy likely to reduce the benefits of the Space Biomedicine at Sheffield University in the UK said that had to organise efficient mechanisms for transferring information. each extra day a Soviet cosmo-naut remained in orbit would provide fresh biomedical infor-researchers

apply some of the biomedical

Other information may be gained aboot medical conditions like osteoporosis — a bone disease caused by loss of calcium which affects many older women.

People who remain in orbit for long periods also suffer a loss of calcium from their bones. Efforts to combar this.

ments. In these, cosmonauts are attempting to produce, under low gravity, substances such as ultrapure semiconductors amd new types of pharmaceuticals. Some of the results from such studies could, in theory, provide insights into fundamental processes related to the production of materials on Earth. In this way, the Soviets might be tion of materials on Earth. In this way, the Soviets might be expected to have the opportunity to improve some aspects of their industrial operations.

However, according to Mr Peter Smolders, director of the Zeiss Planetarium in Amster-dam and a well-known commentator on the Soviet space pro-gramme, deficiencies in the way Soviet society is organised were

#### Bulgaria heeds signs of Kremlin disapproval on reform

disapproval has disrupted Bul-garian plans for more economic garian plans for more economic restructuring emarged yester-day in Sofia as the party began a two-day national conference. President Todor Zhivkov, the party leader, was expected to open the conference with a report urging further reforms, based on a radical programme unveiled during a central com-mittee plenum last July. But Mr Zhivkov's opening

report and speech totally failed to clarify the present status of the restructuring programme and made little attempt to clar-ify the confusion surrounding

The plenum, radical by East European standards, was to have heralded in a new era of reform, but it has run into diffi-

Mr Mikhail Gorbachev, the Soviet leader, was reported to have been taken aback by the scope of Bulgaria's programme and by the fundamental questions it raised about the leading role of the party.

The first signs of Soviet dis-approval emerged last October when Mr Zhivkov made an unexpected one-day visit to Moscow even though he was to moscow even though he was to meet Mr Gorbachev the same month for the 70th anniversary celebrations of the 1917 revolution. Mr Zhivkov retorned to Bulgaria and quickly set about toning down the language and pace of the reforms, using realizable more cautions language and pace of the reforms. markedly more cautious lan-guage at a November central

committee meeting.
Mr Emil Hristov, Central
Committee Secretary of the Bulgarian Communist recently told Moscow News that the whole reform process "would take years." Considerable confusion still exists as to how the reforms are to be implemented. The media has not helped clear up the confusion. Late last year the authorities criti-

cised the media for its lack of glasnost or openness. But as soom as Bulgarian television and Trud, the trade union paper, began singling out cases. of mismanagement and ineffi-ciency, Rabotoicheso Delo, the party paper, hit back by accus-ing sections of the media for too much criticism.

The two-day meeting, origi-nally scheduled for December, was postponed in October when officials indicated significant internal party disagreements

over the reform programme.

Mr Yordan Yotov, a member of the Polithuro, denied yesterday that Mr Gorbachev bad ordered Mr Zhivkov to slow down his reforms which have atrongly emphasised the so-called "self-management" of factories by workers and plant

managers.

The Soviets and Bulgarians were "in complete agreement" over the pace of change in this nation of 8.9m, Mr Yotov added. Soviet officials in Moscow often refer favourably to Bulgaria as a model for the reform of Eastern bloc econo-

mies. Bulgaria, traditionally Moscow's least restive ally, has moscow's least restive ally, has pushed economic change ahead of political and cultural reforms. Mr Yotov indicated

that these priorities will remain after the conference. Mr Zhivkov also said: "No one should be allowed to hold the same elective posts for a long time." He has been party chief

for 34 years.

"It is proposed," he went on,
"that from now on senior
elected party posts – from the
general secretary of the ... Bulgarian Communist Party down gartan Continues: Party down to the secretary of a grassroots party cell — be held for two, and by way of exception, three successive terms." He did not say how long a term should last.

A move to limit the length of the party chief's tennre would the highly unusual in Eastern Europe, where communist leaders have normally served for life, or until they fell out of

favour.

Mr Zhivkov, the Eastern bloc's longest-serving leader, said that such changes to party rules would first have to be approved by the next full party

congress. Mr Gustav Husak, the Czechoslovak leader, who at 75 is a year younger than Mr Zhivkov, resigned last month as party chief, remaining only as president. Diplomats have said that Mr Husak, who was reported to be in poor health, clearly felt out of his depth in the wash of reforms in Eastern Europe since Mr Gorbachev came to

power. Mr Zhivkov, by contrast, has been the main driving force behind Bulgaria's reforms, which so far have focused on the economy. But diplomats also say the changes have-caused deep confusion among many managers and administra-tors over what they can and

cannot do, Mr Zhivkov appears to have recognised this and accepted that the pace of reform should not be as rapid as in the past.

THE LEX COLUMN

# Arco scores on the rebound

The equity market's ability to move higher on a day when it was disclosed that the UK current account deficit was running at an annualised rate of £6hn, or nearly twice the 1988 forecasts is a confident see. forecasts, is a confident gesture, especially since it was accompanied by a healthy recovery in volume. The softer trend in interest rates on both sides of the Atlantic is clearly belower sentiment.

#### Oil bids

Arco has invented a new improved version of the arbitrage game. The aim is to get rich playing the arbitrageur in one hid battle, and then redeploy the profit in another, this time bldding to win. Arco is proving itself no mean confestant: the likely profit of £130m plus on its Britoil stake can now be used to offer an unbeatable price for Tricentrol (a able price for Tricentrol (a much more suitable target anyway) at almost no extra cost to its shareholders. Assuming - as would seem inevitable - that Arco follows yesterday's heavy market purchases with a full market purchases with a fun-hid, the game must be up for Elf. Having been silly enough to say that the shares are only worth 68p, it will find it very difficult to return with an offer worth more than three times as

much.

Meanwhile, BP might feel none too happy about financing the acquisitions of a competitor, were it not for the fact that it is sitting on a similar price advantage in its bid for Britoil—a contest which it is still odds advantage in its bid for Britoll — a contest which it is still odds on to win. Britoll's defence document has come far too late to cut any loe with its largely irrelevant profit forecasts. Instead it should be seen as an emergency prospectus and sent to British Gas, with which Britoll's only realistic chance of escape must be. Yet despite its desire to return to the North Sea, and its anxiety to prevent one company winding up with such a large proportion of UK gas supply. British Gas may well bank at paying more than a full britolic and the proposed to proceed that the \$750m the pricing of unit trusts are a welcome compromise. The pricing of unit trusts are a welcome compromise the pricing of unit trusts are a welcome compromise. The existing pricing mechanism gives an unduly wide epread between the maximum and mluimum prices at which managers buy and sell their units, while the SIB's proposal to price units on a "forward"; or next available valuation, basis was attacked because many smaller investors like to know the exact prices at which managers buy and sell their units, while the prices at which managers buy and sell their units, while the prices at which managers buy and sell their units, while the proposal to price units on a "forward"; or next available valuation, basis was attacked because many smaller investors like to know the exact prices at which managers buy and sell their units, while the prices at which managers buy and sell their units, while the subject of the pricing of unit trusts are a welotheaution of the pricing of unit trusts are a welotheaution to give an induly wide epread between the maximum and mluimum prices at which managers buy and sell their units, while the subject of the pricing of unit trusts are a welotheaution to give an induly wide epread between the maximum and sell their units, while the subject of the maximum and sell their units, while the subject of the pricing of unit trusts are a welotheaution to give an and sell their units, while the subject of the maximum and sell

This is not to say that sticking with Dec is attractive. A regards the game as as good as fast rebound in earnings does over, to judge from yesterday's not seem to be on the cards, if price of 479p. The risk that the only because this year's Government might still inter-vene and call the whole thing off evidently counts for little.

#### Dee Corp Against the odds, it starts to

look as if Barker & Dobson's away. The institutions would bid for Dee is in trouble, then have to settle down to get-Despite Dee's gloomy forecast ting satisfaction out of Mr of a 15 per cent fall in this Monk over the long haul.

200 160p ELF

Tricentrol

less if the gearing went wrong Extra cash would only increase

Ivory & Sime

Ivory & Sime

Ivory & Sime gets top marks
for ingenuity, but investors
may find its proposals for
restructuring \$500m worth of
its investment trusts too clever
by half. The initial reaction of
the institutions yesterday was
that the plethors of cholces
offered under the proposals
was more a burden than a
delight. And the private shareholders whom Ivory & Sime
hopes to woo back to the
investment trust sector might
be forgiven for challenging the
company's description of the
schame as "simplicity itself."

Even if they get beyond the
stage of admiring incomprehension, there is a more serious
leap of faith to be made. The
scheme creates a new invest-

sion, there is a more serious leap of faith to be made. The scheme creates a new investment trust which tracks the structure of the offer remains atubbornly unattractive. The institutions are faced with an institution are faced with an institutions are faced with an institutions are faced with an institution are faced with an institutions are faced with an institution are faced

#### Unit Trust prices

This is not to say that sticking with Dec is attractive. A stonal managers to profit at the stonal namagers to profit at the stonal namagers to profit at the expense of other unit holders, while the new rules allow managers to continue offering units sharply higher interest and tax charges will be up again next they should curb tha grosser types of profits which have 13 times forecast earnings and a yield of 6.5 per cent, so the downside should be limited even if B & D were to walk away. The institutions would the really sensitive question of the list they should follow the US example. should follow the US example and stop making markets in their own units.

#### **UK-Irish setback after** court ruling on bombing

BY ALAN PIKE AND KIERAN COOKE IN LONDON

NEW TENSIONS were introduced into Anglo-Irish relations last night after the Appeal RUC had operated a shoot-to-court in London dismissed appeals by six Irishmen against their convictions for the murtiple of the convictions for the murtiple of the convictions of the convictions for the murtiple of the convictions of

house bombing case were sate and satisfactory comes at a particularly delicate time in London's relations with Dublin.

British judicial procedures

British judicial procedures

Critisism of the Court of Court

have been under great critisism on both sides of the Irish border recently.

Fresh intensity was introduced this week with the announcement by Sir Patrick Mayhew, British Attorney General, that it would not be in the public interest for prosecutions to be taken against members of the Royal Ulster Constabulary leave to appeal to the House of Lords.

Critisism of the Court of Appeal's decision was not restricted to Ireland. Groups which have for many years been campaigning to consume the British Government and courts that the convictions were unsound say they will continue their efforts.

The six men intend to seek leave to appeal to the House of Lords. to be taken against members of the Royal Ulster Constabulary leave t for seeking to pervert the Lords. course of justice.

der of 21 people when a bomb Irish Prime Minister, has indi-was planted in a Midlands pub-lic house in 1974.

Irish Prime Minister, has indi-cated his Government's deep unease about the decision not

was planted in a Midlands public house in 1974.

Mr Gerry Collins the Irish
Justice Minister, said he was
"amazed and very saddened" at the ontcome and hoped his Government would make a request for clemency to Mr Douglas Hurd, the British Home Secretary.

The Court of Appeal's decision that the original guilty verdicts in the Birmingham public house bombing case were safe and satisfactory comes at a par and satisfactory comes at a par and satisfactory delicate time in Lon-

Analysis, Page 14



Egyptian President Hosni Mubarak (left) was yesterday assured by US Fresident Romald Reagan that Egypt had full American support for its Middle Bast peace initiative, Reuter reports from Washington. "We are partners in this endeavour," Mr Reagan said on welcoming Mr Mubarak to talks at the White House. The Egyptian leader, reflecting widespread critician of the Reagan Administration for not taking a more central role in achieving a resumption of peace talks, indirectly urged Mr Reagan not to be distracted from the Egyptian initiative by US election-year politics. Mr Mubarak wants the Palestinians in Israeli-occupied territories and the Israeli Army to halt their confrontations, and Israel to accept the idea of an international peace coference leading to talks with its Arab neighbours. Mr Reagan welcomed the moratorium proposal but appeared to suggest that there was no change in the US policy of supporting regional peace initiatives rather than taking the lead. Meanwhile, Jordan and the Palestine Liberation Organisation (FLO) prepared for a second round of talks after King Hussein of Jordan said he was ready to resume a joint approach to peace.

#### Ford faces strike in UK Continued from Page 1

more than the rate of inflation. The company's final offer, made on December 7, included an increase of 6.5 per cent in the first year with rises linked to inflation in the later years.

The company also withdrew its requirement to introduce limited numbers of temporary workers to meet peaks in demand. It also agreed to defer negotiations over the introduc-tion of group leaders who would be in charge of work teams on the shop floor.

However, the company stressed that it still needed to reach a three-year agreement which would allow it to introduce far-reaching changes in working practices.

Mr Jimmy Airlie, of the AEU engineering union and secretary of the Ford unions' negotiating committee, said: "We do not want a three-year deal and we do not accept the company's requirements . . We have said these issues should be pursued through parallel discussions." Mr Mick Murphy, the Transport and General Workers' Union's national automotive

officer and the unione' lead negotiator, said that, while the unions recognised a strike could be extremely damaging and could leave a legacy of bitter-ness which could affect the company for many years to come, Ford was in a position to make an improved offer.

# LERDING LEISURI £25,000,000 **Medium Term Loan Facility** COUNTY NATWEST NatWest Investment Bank Limited Allied Irish Banks plc Bank of Ireland Banque Paribas (London) NM Rothschild & Sons Limited Canadian Imperial Bank of Commerce Standard Chartered Bank TSB England & Wales ple NatWest Investment Bank Limited & The NorWest Investment Bank Group

# World Weather

ELF AQUITAINE OUTBID IN MARKET AS BATTLE FOR UK OIL GROUP INTENSIFIES

# Arco takes 14% Tricentrol stake

THE BATTLE over Tricentrol, the independent UK oil company, heated up sharply yesterday when Elf Aquitaine, the institutional investors and indirectly to institutional investors and indirectly through Kleinwort Grioffer for the British concern, only to be outbid in the market by Atlantic Richfield, the US oil states.

Salomon Brothers, the US of increasing its international report by Robertson ERC, the independent oil consultant, while Elf said the company was presence in the North See earlier through a deal with Britoll, but has now abandoned this plan in the wake of BP's increased offer for the company was presence in the North See earlier through a deal with Britoll, but has now abandoned this plan in the wake of BP's increased offer for the company was presence in the North See earlier through a deal with Britoll, but has now abandoned this plan in the wake of BP's increased offer for the company was presence in the North See earlier through a deal with Britoll.

Tricentrol had earlier rejected in the company was presence in the North See earlier through a deal with Britoll.

Department of James Capel.

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Tricentrol had earlier rejected the independent oil consultant, while Elf said the company was presence in the North See earlier through a deal with Britoll.

Salomon Brothers had acted for Arco walked away at the end of trading with 14.6 per cent of Tricentrol, paying up to 180p (\$3.24) a share, and said it was considering the possibility of further increasing its holding. A bid for Tricentrol by Arco is property of the possibility o

cuts payout

as US side

By Andrew Fisher in Stuttgert

PORSCHE, the West German luxnry sports car producer whose sales have been severely curbed by the weakness of the dollar and last

October's worldwide stock

market crash, said it would avoid making a loss this year, despite sharp falls in turnover and production.

The company, which has already begun short-time working yesterder are detected to

aiready begun short-time working, yesterday acted to strengthen group finances by cutting its dividend following a decline in net profits from DM75m to DM62m (\$31.1m) for the year ended July 1987. Around 60 per cent of sales were made in the US.

Mr Heinz Branitzki, the new chairman, said that because of the added impact of the

of the added impact of the stock market collapse, turnover in 1887-88 would fall from DM3.4bn to DM2.6bn, with car output down from 51,000 to around 31,000.
"You will not be presented with red figures at our next press conference," he added. But nor would the profit figure be "bombastic."

Porsche's finances, with DM370m of liquidity and no

DM370m of liquidity and no bank debt, were solid enough for it to weather three poor

years if necessary, he said.
The dividend cut from

DM16 to DM11 on the quoted preference shares had not

been an easy decision to make, he said. The payout for the voting shares held by the controlling Porsche and Pieche families goes down from DMIG to DMIO.

Mr Branitzki, a soft-spoken man, took over as chairman at the beginning of this year

after a surprise promotion from the position of finance director. He replaced the

more extrovert Mr Peter Schutz, who had taken Porsche more deeply into the

US market.
Porsche's heavy exposure
to the North American mar-

ket made it vulnerable to the twin effects of the dollar's

twin effects of the dollar's fall and plummetting ehare prices on Wall Street. Mr Branitzki said high earners like dentists, doctors, or space engineers had decided to hold back on coetly purchases after seeing their investments slide.

Since November, US sales

had accounted for only around half of total turnover, he noted. He denied that the big drop in US sales mainly reflected dented "Yuppie"

**Porsche** 

weakens

A bid for Tricentrol by Arco is now widely expected.

More than 47m Tricentrol aharea – half the company's equity – changed hands in a day of hectic trading while the price shot ahead from 160p to close at 187p.

Rumours that Arco was behind the buying gained currency early in the day when Arco said at the weekend that it would sell its stake to BP at a profit of nearly £134m (\$241m). Profit from the Britoil ahare deal would go a long way toward financing a bid for Tricentrol which, at 180p a share, would be worth £148.76m.

Arco said at the weekend that it would sell its stake to BP at a profit of nearly £134m (\$241m). Profit from the Britoil ahare deal would go a long way toward financing a bid for Tricentrol which, at 180p a share, would be worth £148.76m.

Arco said at the weekend that it would sell its stake to BP at a profit of nearly £134m (\$241m). Profit from the Britoil ahare deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a bid for Tricentrol which at 180p a share deal would go a long way toward financing a

pany.

The new swirl of interest in Tricentrol came as Elf announced its final Improved offer for the company, at 160p a share, up from 145p. The bid was given a fair chance of suc-ceeding in the absence of a rival bid.

Elf yesterday had no com-

Elf and Tricentrol had engaged in a vitriolic verbal battle over the net value of Tricentrol put it at 234p a chare, based on a strong from the interest of the increase it should a rival bid emerge.

dramatic rise in the company'e share price and said the Elf bid was inadequate.

Tricentrol had no comment on the stake-building by Arco, although the company was thought to be pleased that it had been in effect rescued from Elf, at least for the time being.

ment un the Arco purchases, except to note that a high price had been raid.

Elf, which has now accumulated an 8 per cent stake in Tricentroi, had extended its

## Newmont Mining cuts debt with sale of Du Pont shares

BY KENNETH GOODING, MINING CORRESPONDENT, IN LONDON

NEWMONT MINING, the US natural resources company, has raised about \$353.7m by selling sbares in Du Pont, the largest US chemicale group, helping reduce the debt load built up last year when fighting off an unwelcome bid from a group lad by My T. Roone Pickens, the for IREG.

\$338m before tax for the sale of the dest.

Newmont has also begun discussions to sell more of Newmont Australia, which yesterday reported a dramatic jump in production, turnover and profit for the year to December, writes Chris Sberwell in Sydney.

reduce the debt load built up last year when fighting off an unwelcome bid from a group led by Mr T. Boone Pickens, the corporate raider.

The cash reduced Newmont's debt from \$1.93bn to \$1.6bn.

The 4.16m shares were sold on the open market between January 16 and 25 and accounted for less than 2 per cent of the Dn Pont issued equity.

equity. Newmont also announced a boost in net profit last year, from \$74.2m in 1886 to \$341.8m, with sales increasing from \$380.8m to \$614m. Earnings per share rose from \$1.22 to \$6.32.

49.7 per cent.

Newmont said it expected to complete the sale of its Foote Mineral subeidiary for about

Tor 1886.

During the takeover battle, Newmont paid a special dividend of \$33 a share and Consoidated Gold Fields, the UK mining finance house, built up its shareholding in the US group to 49.7 per cent. per cent), improved turnover by 83 per cent to A\$122.3m (US\$87.3m) and increased net profits by 63 per cent to

A\$58.4m.

• Ivanhoe Partners, Mr Pick-\$90m in the first quarter of this year, to help reduce debt.

The company is also believed cent to 7.4 per cent when one of to be raising a gold loan which the partners - the Harbert Corwould bring in about \$450m at poration - sold 1.66m Newmont

#### o \$6.32. an interest rate of 1.5 per cent. shares on the open market at Last year Newmont collected So far there has been no formal \$34 each. Bell Canada shows 32% gain

BY DAVID OWEN IN TORONTO

the diversified telecommunications company whose subsidiaries include Northern Telecom, has reported a strong 32 totalled C\$1.09bo or C\$3.81 a share on revenues of C\$14.6bn, mines are exhausted.

Quarter profit.

TransCanada PipeLines on and assure Cominco of its future reserves for about a century totalled C\$1.09bo or C\$3.81 a share on revenues of C\$14.6bn, mines are exhausted.

The project will cost C\$400m, including C\$130m for infra-

full-year earnings was moch less impressive due to what Mr Jean de Grandpre, BCE's chairman, described as "difficult market conditions" In the

energy sector.
In its final quarter, the Montreal-based company posted profits of C\$340m (US\$267.7m)

BELL CANADA Enterprises, 1986 were hit by writedowns in Montreal

year and 66 cents for the last quarter, compared with C\$2.58 and 68 cents in 1986.

• Cominco, Canada's largest lead and zinc producer, will lead up 66.2 per cent.

or C\$1.22 a share, compared begin ahipments from its with C\$258m or 94 cents in the corresponding 1986 period. Alaska in 1890 – one year ear-gold producer for the first time. Revenue edged down to lier than expected – because of C\$3.8bn from C\$3.8bn. good progress in construction, gold property in northern Britzelle.

atructure. Cominco expects zinc production in 1888 to reach capacity of 300,000 tonnes with lead near a 136,000 tonnes

Cominco will also decide this

\$3.5bn from C\$3.5bn. good progress in construction, gold property in northern Brit Fourth-quarter figures for writes Robert Glbbens from ish Columbia.

#### Scott Paper moves ahead by 25% BY OUR FINANCIAL STAFF

year or \$1.77 a share against \$1.40.
Turnover moved a more modest 11.6 per cent higher at \$1.10bn, from \$3.44bn.
Mr Philip Lippincott, chairman, said the results, which took earnings per share to \$6.11 against \$4.86, "underscore the continued strength and market leadership positions of our personal care and cleaning businesses world-and our printing and our printing and our printing the strength and the strength and our printing the strength and the strengt

For the final three months

reflected dented "Yuppie" incomea. Yuppies, he aald, were "a vanishing minority" of Porsche customers.
In the first five months of the 1987-88 financial year, Porsche car sales were down by 12 per cent to 19,000 cars. The decline entirely reflected sales of its cheaper four-cylsales of its cheaper four-cyl-inder models. Total US sales were down from 12,000 cars to around 9,000.

Mr Branitzki said Porsche intended to run down its etocks – now some 16,000 ears, including 8,000 in the US – and go into the 1888-89 financial year without a heavy backlog of cars. He declined, however, to talk about new model plans. SCOTT PAPER, the Philadelphia-based timber to tissues
group, boosted net profits by
more than a quarter last year
to \$233.8m, compared with
\$1.86.5m. Sales rose almost a
fifth to \$4.12bn, from \$3.44bn.

Mr Philip Lippingert chair.

The profit advance was

alone, net earnings were np an
even steeper 27.5 per cent to
\$67.5m, compared with \$62.8m,
or \$1.77 a share against \$1.40.

Turnover moved a more modest
\$1.86.5m. Sales rose almost a
from \$986.4m.

The profit advance was

score the continued strength and market leadership positions of our personal care and cleaning businesses worldwide and our printing and publishing paper business in the US."

These brought in 358.5m to costs and promotional the year, more than double the costs and promotional expenses. The year, more than double the expenses.

These brought in 358.5m to costs and promotional expenses.

These brought in 358.5m to costs and promotional expenses.

The year, more than double the expenses.

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The year, more than double the costs and promotional expenses.

However, domestic growth wilted under the impact of a strike, increased manufacturing costs and promotions

#### Strong gain for General Dynamics BY OUR FINANCIAL STAFF

GENERAL DYNAMICS, the US 201 in 1886. GENERAL DYNAMICS, the US defence and aerospace group, has reported fourth-quarter earnings of \$56.3m or \$2.27 a share, compared with a yearago loss of \$326.1m or \$7.64.

The 1986 period included a \$420m writeoff related to the purphers of Cosmo Alexandor

purchase of Cessna Aircraft.
The company attributed its improved results mainly to the increased production rate of the F-16 fighter. Deliveries last year were 299, compared with

In addition, the Cessna civil aviation division showed bene-

a ward General Dynamics
shares with McDonnell Douglas
for development of the US
Navy'e Advanced Tactical Airfinal quarter.

reflect tax-law changes.
Sales rose from \$8.89bn to
\$9.34bn, with a contribution of
\$2.4bn against \$2.38bn in the

craft and a \$644m contract for construction of the Navy's 16th Trident submarine were not included in the 1887 figure. aviation division showed benefilts from restructuring undertaken in the past year.

General Dynamics said its
funded order backlog at yearend was \$175m, compared with
\$16.8bn a year earlier.

The recent \$4.4bn contract
award General Dynamics

\$437.3m or \$10.26 a charce
\$437.3m or \$10.

# IRS postpones \$6.5bn back-tax claim on Texaco

vices has decided to postpone its efforts to claim \$6.5bn in back taxes from Texaco until the oil company has left the protection of the bankruptcy

The IRS move, announced in court on Wednesday, clears the way for sharebolders and creditors to vote on Texaco's reorganisation plans in coming

months.
The oil industry and Texaco's ereditors were stunned two weeks ago when the IRS said

Texaco might owe a huge sum in back taxes because of the way it treated shipments of Saudi Arabian crude oil. Texaco and the three other partners in the Arab American Oil Company operating in Saudi Arabia – Mobil, Exxon and Chevron – vigorously rejected the claim and the logic behind it.

Texaco on its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco could emerge from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco could emerge from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco could emerge from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco could emerge from it in a bitter take over battle. Texaco could emerge from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to large from it in a bitter take over battle. Texaco expects its plans to lar

Texaco expects its plans to be approved by the bankruptcy court shortly, so it can begin the long voting process by chareholders and creditors.

If all goes according to sched-ule, Texaco could emerge from bankruptcy protection by mid-April. If, however, the IRS extracted some buge back-tax payments after the reorganisa-tion, it could adversely affect and the logic behind it.

The prospect of such a buge claim threw into turmoil Texaco's plans to pay about 55bn to Pennzoil and other creditors so it could emerge from bank
whether the IRS move was a tile, Texaco could emerge from tactical postponement until a bankruptcy protection by midmore opportune time or the end April. If, however, the IRS capability to fit it back-tax elaim. A Texaco extracted some buge back-tax elaim. A Texaco payments after the reorganisation would through on its financial plans.

#### Xerox Dow Chemical earnings profits double in fourth quarter advance to \$155m BY ANATOLE KALETSKY IN NEW YORK

XEROX yesterday reported a further rise in operating profits and sales from office equipment and financial services, its two main buelnesses, although a moch bigber tax rate reduced the benefits at the net level.

net level.

In the three mooths ended December, net profits rose to \$166m, or \$1.43 a chare, from \$87m, or 77 cents a year earlier. Revenues grew by 14 per cent to \$4.2bn from \$3.7bn.

from \$3.7bn.
Full-year oet edvanced to
\$578m, or \$5.25 e abare,
from \$465m or \$4.28 on
salee abead 15 per cent at
\$14.9bn ageinst \$12.8bn.
The 1986 net profits were
hit by apecial Items.
Net profits in 1986 from
continuing operations

continuing operations, before the cbargee, were \$138m, ur \$1.29, in the qoar-ter and \$488m, or \$4.52, in

the year.
Mr Paul Allaire, preel-deot, sald. Oor full-year pre-tax profit was 41 per cent bigher than than it was in 1986 but thet growth did not totally flow through to income because of a much beher effective tax rate." Favourable foreign

exchange translation of non-doller results boosted reveoues by 6 per cent in the year and 1 per cent in the latest quarter.

Full-year income from hnsloess products and eystems rose 6 per cent in the quarter to \$93m from \$86m and by 15 per cent to \$298m from \$260m in the

Revennes rose 10 per cent to \$10.3bn. Xerox said it improved its market share in all copier and electronic printing market segments.
Income from financial services grew 24 per cent to \$82m from \$50m in the quarter and 23 per cent in the year to \$280m from \$228m.

DOW CHEMICAL, the second largest US chemicals concern, more than doubled its profits in the fourth quarter, with a net income of \$352m or \$1.86 a share - 110 per cent higher than the \$158m or \$8 cents earned a year earlier.

For 1967 as a whole, Dow's profits hit a new record of \$1.24bn or \$6.50 a share, 69 per cent above the previous year's \$732m or \$3.87.

Mr Frank Popoff, president, said he was delighted with the company's "outstanding" performance and predicted that 1988 would see another record year, surpassing the latest cals and plastics were among

1988 would see another record Mr Popoff said basic chemi-year, surpassing the latest cals and plastics were among results.

Sales and operating incomes ness sectors, while industrial were up during the quarter in special products showed little

gain from the third to the fourth quarter.

He noted, nevertheless, that fourth querter results for industrial special chemicals were 15 per cent better than a year eerlier in terms of both sales and profits.

Dow's operating margins also rose sharply. The ratio of operating income to net sales, at 17.3 per cent, stood at the highest level for more than a decade, However, the index of average selling prices was still lower than it had been before lower than it had been before 1981.

Dow's capital expenditures rose by 11.8 per cent to \$895m in 1987, while research and development epending showed 10.7 per cent increase to

# Broad upturn for Walt Disney

BY OUR FINANCIAL STAFF

WALT DISNEY, the US enter-WALT DISNEY, the US entertainment group, lifted first-quarter net earnings from \$59.5m or 66 cents a share to \$100.4m or 73 cents a share, reflecting improvement in all three of its principal business segments.

Revenues from filmed entertainment rose 14 per cent to \$31.1m, from \$23.4m.

Total corporate expenses decided to \$13.6m from \$10.4m or 73 cents a share, operating profits were up 7 per \$19.5m, due principally to higher investment and interest income. WALA, another leading US film at the autumn for Three Men and e Beby contributed to the autumn for Three Men and e Beby contributed to the autumn for Three Men and e Beby contributed to the autumn for Three Men and e Beby contributed to the autumn for Three Men and e Beby contributed to the autumn for Three Men and e Beby contributed to the autumn for Three Men and e Beby contributed to the autumn for Three Men and e Group for S12.6m or 30 cents a share to \$21.8m or 30 cents a share to \$10.5m from \$23.4m.

Total corporate expenses to higher investment and interest income.

MCA, another leading US film producer, lifted fourth-quarter net earnings from \$10.5m from \$10.5m from \$10.5m from \$23.4m.

Total corporate expenses to higher investment and interest income.

MCA, another leading US film from \$23.4m.

Total corporate expenses to higher investment and interest income.

MCA, another leading US film from \$10.5m from \$10.5m

segment saw revenues climb 7
per cent to \$385.7m, from 5558m a year earlier. Operating earnings picked up 12 per cent to \$51.1m, from \$38.6m, end to \$57.5m, from \$53.7m.

ever for e Disney film. group had full-year profits of \$137.3m or \$1.82 a share against \$150.9m or \$1.97, on revenues of \$2.57 hm, up from \$557.5m, from \$53.7m.

Revenues from filmed enter- cent to \$31.1m, from \$23.4m,

#### Spanish banks unveil share issues

BY DAVID WHITE IN MADRID

BANCO DE Bilbao and Banco de Vizcaya yesterday unveiled plans for free share issues, bringing their nominal equity capital to parity ahead of their merger, which will create Spain's largest banking group.

They also proposed 26 per cent increases in their dividends equivalent in both cases will have three stages.

BANCO DE Bilbao and Banco de Nazlesta to Pta28bn (\$200m)

They will then be converted into Pta500 shares by providing extra shares - 1.7749 new shares for each old one. The bank will make 2 one-for-seven free issue, leaving it with a total of 55m Pta500 shares, the same as Banco de Bilbao.

Joint 1987 figures showed a will have three stages.

dends, equivalent in both cases to 48 per cent of par value.

ends, equivalent in both cases will have three stages.

1 total consolidated net profit of the percent of par value.

1 to Pta750 shares will be Pta71bn, almost 40 per cent up Each bank will raise its nomi-raised in value to Pta887.46.



20 Fenchurch Street, London EC3P 3DB.

#### sveimer U.S. \$100,000,000

Floating Rate Participation Certificates Due 1992 issued by Morgan Guaranty GmbH for the purpose of

making a loan to Istituto per lo Sviluppo Economico

dell'Italia Meridionale (a statutory hody of the Republic of Italy incorporated under Law No. 398 of April 11, 1953)

In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 29th January, 1988 to 29th February, 1988 has been fixed at 75 in %. Interest accrued for the above period and payable on 29th July, 1988 will amount to US\$62.97 per US\$10,000 Certificate.

> Agent Morgan Guaranty Trust Company of New York London Branch

#### The Finnish Paper Mills' Association – Finnpap

U.S. \$100,000,000

Floating Rate Notes Due 1995

In accordance with the terms and conditions of the Notes. the rate of interest for the interest period January 29, 1988 to July 29, 1988 has been fixed at 71/16% per annum. Interest payable on July 29, 1988 will be US\$376.01 per Note of US\$10,000.

Agent

Morgan Guaranty Trust Company of New York London Branch



#### **CHASE MANHATTAN OVERSEAS**

**BANKING CORPORATION** 

FLOATING RATE NOTES DUE 1993

For the six months 29th January, 1988 to 29th July, 1988

In accordance with the provisions of the Notes. notice is hereby given that the rate of interest has been fixed at 7%s per cent and that the interest payable on the relevant interest payment date, 29th

July, 1988 against Coupon No. 20 will be U.S.\$37.60. it Besk: Morgan Guaranty Trust Company of New York, Lundo

#### Société Nationale des Chemins de Fer Français

£75,000,000 Guaranteed Floating Rate Notes 1993

(redeemable at the holder's option in 1990) unconditionally guaranteed, as to payment of principal and interest, by

#### The Republic of France

In accordance with the provisions of the Notes, notice is hereby given that, for the three month period 27th January, 1988 to 27th April, 1988, the Notes will bear interest at the rate of 91/s per cent. per annum. . Coupon No. 18 will therefore be payable at the rate of £113.44 per coupon from 27th April, 1988.

S.G. Warburg & Co. Ltd.

US. \$100,000,000

Collateralized Floating Rate

Notes Due 1992

FIDELITY FEDE

# **N**BBANK

#### Nederlandsche Middenstandsbank nv

U.S.\$100,000,000

Floating Rate Notes Due 1992

In accordance with the provisions of the Notes, notice is hereby given that, for the six month period 29th January, 1988 to 29th July, 1988, the Notes will bear interest at the rate of 79ts per cent. per annum. Coupon No. 6 will therefore be payable on 29th July, 1988, at the rate of US\$9.558.16 from Notes of US\$250,000 nominal and US\$382,33 from Notes of US\$10,000 nominal.

S. G. Warburg & Co. Ltd.

71/4% per annum 29th January 1988

Interest Amount per

Interest Rate ···

Interest Period

29th April 1988

SAVINGS AND LOAN ASSOCIATION

U.S. \$100,000 Note due 29th April 1988

U.S. \$1,832.64

Credit Suisse First Boston Limited Agent Bank

US\$400,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE OCTOBER 1996

CITICORP BANKING CORPORATION

#### Unconditionally guaranteed on a subordinated basis by CITICORPO

(Incorporated in the State of Delaware

Notice is hereby given that the Rate of Interest has been fixed at 7.25% and that the interest payable on the relevant interest Payment Date April 29, 1988 against Coupon No. 14 in respect of US\$10,000 nominal of the Notes will be US\$183.26.

January 29, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANC

#### US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JANUARY 1997 CITICORP BANKING CORPORATION

tionally guaranteed on a subordinated basis by

#### CITICORPO

Notice is hereby given that the Rate of Interest has been fixed at 7.25% and that the interest payable on the relevant Interest Payment Date April 29, 1988 against Coupon No. 13 in respect of US\$10,000 nominal of the Notes will be US\$183.26.

January 29, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

and the control of th

CITIBANCO

#### CITICORP BANKING CORPORATION

U.S.\$50,000,000 Floating Rate Notes due July 29, 1991 Notice is hereby given that the Rate of Interest for the period January 29, 1988 to April 29, 1988 has been fixed at 7.20% and that the interest payable on the relevant Interest Payment Date, April 29, 1988 against Coupon No. 7 in respect of US\$10,000 nominal of the Notes will be US\$182.00.

January 29, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

**CITIBANG** 

#### U.S. \$500,000,000 CITICORPO

(Incorporated in Delaware)
Subordinated Floating Rate Notes Due January 30, 1998 Notice is hereby given that the Rate of Interest has been fixed at 7.0125% and that the interest payable on the relevant interest Payment Date February 29, 1988 against Coupon No. 25 in respect of US\$10,000 nominal of the Notes will be US\$60.39. January 29, 1988, Landon By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

(\$83.4m).

The acquisitions will be made through the companies' jointly-owned subsidiary, known as Scancem. This is responsible for the international cement activities of Euroc and Aker Norcem, particularly in the US, Africa tories we can start domestic production and expand in the US market," the company said.

Scancem is buying Allentown Cement Company in Pennsylvaties of Euroc and Aker Norcem, particularly in the US, Africa

MR CARLO De Benedetti is close to withdrawing from the confectionery business which he entered in a surprise diversification move in February 1985.

The CIR financial holding company which controls Mr De Benedetti's interests in the food industry is evaluating offers for Perugins, a manufacturer of chocolates and cakes with a stock market value of about market value of about 1.319bn (\$260m). CIR, which rebuffed a takeover bid from Jacobs Suchard of Switzerland last summer, has received offers from a number of confec-

tionery makers.
Negotiations for the disposal of Perugina are expec-ted to be finalised in March. CIR's attempts to acquire Alemagna and Motta, n con-Atemagna and motor, a confectionery business owned by SME, the foods subsidiary of the IRI state holding company, look unlikely to

Benedetti

chocolates

MR CARLO De Benedetti is

unit up

for sale

gain court approval.

As a result, CIR now intends to re-focus its operations, hence the planned disposal of Perugina which in 1986 had sales

of LEGION.

Net profits for that year totalled L5bu. Perugina expects profits for 1987 to show a gain of about 10 per

cent.
The company's 1987 results will include turn-over of about L50bn from Bonquet d'Or, a French quality chocolate maker which the Italian company acquired at the beginning of July.

July. Perugina's shares, 83 per cent owned by pasta-maker Buitoni which is controlled by CIR with a 52 per cent stake, are quoted on the Milan and Rome stock mar-

The company employs about 2,200 workers, it has two factories in the prov-

ince of Perugia,

The disposal of Perugias
comes at time when Mr De Benedetti is attempting to gain control of Société Générale de Belgique, Belgium's biggest industrial bolding

**Security Pacific** 

Corporation

Dutch Guilders 250,000,000 Floating Rate Notes 1986

in accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest period from January 29, 1988 to July 29, 1988 the Rate of Interest has been fixed at 4½ per cent and that the Interest payable on the referent interests.

payable on the refevent interest Payment Date, July 29, 1988, against Coupon No. 5 in respect of Nig50,000 nominal of the Notes

erdern-Rotterdam Bank N.V.

Agent Bank

will be Nig1, 137.50, and in n of Nig100,000 nominal o Notes will be Nig2,275.00.

**EUROPEAN CEMENT INDUSTRY** 

# Euroc and Aker buy US plants

EUROC, the Swedish building and the Caribbean. The deals materials, engineering and trading group, and Aker Norcem, its Norwegian counterpart which specialises in oil drilling equipment, have together agreed to buy cement and concrete plants in the US worth about SKr500m (\$83.4 m).

"Up to now, Scancem has only been importing cement in the US, but by buying these fac-tories we can start domestic production and expand in the US market," the company said.

#### Holderbank reorganises North American venture

BY JOHN WICKS IN ZURICH

THE US and Canadian cement Cement outright. interests of Holderbank and Holderbank ow Société Suisse de Ciment Portiand have been taken over by a ance. The group consists of 17 newly-formed holding company jointly owned by the two Swiss capacity of 13m tormes, as well

groups.

Based in Delaware, the new company is Hofi North America (Holnam). It controls the biggest cement business in North America through a 58 per cent ahareholding in St. Lawrence as an investment base for Cement and a 67 per cent stake growth. It will also provide management and service supin Ideal Basic Industries. The company also owns Dundee

Karstadt sales

show sound

improvement

KARSTADT, WEST Germany's biggest retailing group, said yesterday that trading levels in 1987 had been satisfactory and that parent company sales had improved from DM9.39bn to DM9.9bn (\$5.9bn).

The company days no indica-

The company gave no indica-tion of profits for last year. For 1986 the group reported a par-ent company net profit

DM82.6m.
Karstadt said turnover figures did not include its travel agency subsidiaries. These had improved their results last

year, it added.

Neckermann Versand, the group's mail order business, had achieved a substantial

profit last year, reversing the series of losses which have long troubled Karstadt.

U.S. \$70,000,000

Vasco-Aragonesa,

Española, S.A.

**Guaranteed Floating Rate** 

Unconditionally Guaranteed by

The Kingdom of Spain

Notice is hereby given that for the six months interest period from January 29, 1988 to July 29, 1988 the Notes will carry an interest rate of 79% per amum. The interest payable on the relevant interest payable on the relevant interest payable on the U.S. \$376.01 and U.S. \$9,400.17 respectively for Notes in denomina-

respectively for Notes in denomina-tions of U.S. \$10,000 and U.S. \$250,000.

0

By: The Chase Machatten Bank, M.A.

Landon, Agent Bank

January 29, 1988

Notes due 1995

Autopista

Holderbank owns 89 per cent of Holnem and SSCP the balcapacity of 18m tonnes, as well as numerous sand, gravel and

growth. It will also provide management and service sup-port for the operating entities.

Procordia, with interests in

tobacco, brewing, drugs and engineering, said the deal was

the first move towards a closer integration with Nora.

The two groups have agreed to investigate the possibilities of establishing long-term indus-trial co-operation on an interna-

tional basis. "We see this as a step towards Nordic co-opera-tion within the brewery and grocery sectors," Procordia

Procordia in SKr280m

Norwegian purchase

plant with annual production, and the EC as the prime areas capacity of about 1m tons. for expansion. for expension. Scancem is also buying Vine Scancem is aiready established in the New York/Pennsylvania area, where it has import termiland, a concrete company with six factories in the New Jersey

Euroc produces about 1.7m tons of cement each year in Sweden, of which 600,000-700,000 tons are for export to

the Middle East. Africa and the US. The Swedish group has set its sights on the US - where it only claims to have a market share of a couple of per cent - of SKr6.24bn.

#### Finnish group buys 80% of three CBR offshoots

important buyer of cement.
Last September Euroc
sequired De Boo, a Dutch building materials wholesaler with
amusal sales of about SKrlbn,
as part of plans to expand its
trading division.

THE FINNISH Partek Group, whose activities cover building materials, concrete technology, and lifting equipment, has acquired an 80 per cent stake in three subsidiaries of CBR, the

Belgian cement group.

The three companies – the Belgian CBR Breton, the French.

IB-Morin and the Dutch ENCI subsidiary Schokbeton – have combined sales of \$85m and run six pre-cast concrete plants producing architectural and frame panels, hollow core slabs, bridge beams, staircases and

tunnel-lining units. CBR, whose biggest share-holder is Société Générale de Belgique with a 38 per cent stake, concentrates on cement, ready-mix concrete and sugregates businesses in Western Europe and North America, but will retain a minority position in the pre-cust companies.

in the pre-cast companies.

Partek, which operates in 23 countries, says that its three new subsidiaries will continue to be run independently underlocal management but that it plans to develop them further,

#### Sanofi bounces back onto acquistion trail

PROCORDIA, THE Swedish state holding company is paying SKr280m (\$46.67m) for a 10 per cent shareholding in Nora Industrier, the big Norwegian industrial company.

1.08m shares, or 10.1 per cent of the company. For the first eight months of last year Nora turoed in profits before extraordinary items and tax of NKr186.1m. SANOFI, the pharmaceuticals company controlled by France's Elf-Aquitaine oil group, is consoling itself for the failure of its bid for the US drugs group A.H.Robins by bouncing back on the accountition trail. Procordia profits for the first eight months of 1987 totalled SKr863m on sales of SKr10.6bn.

acquisition trail.

The company is to buy King Inc. the Canadian seedsman, and is also adding two small Italian perfume makers to its

SKr863m on sales of SKr10,6bm.
The company expected fullyear profits to exceed
SKr1.025bm, against SKr901lm.
Procordia, which is 31; per
cent state-owned having been
partially privatised last summer, recently acquired the Danish industrial cleaning division
of Reckitt and Colman of the
UK for \$9.3m (\$16.46m).
The Government's sale of 19
per cent of Procordia raised
about SKr1.05bm, it was the ortfolio.

(335m (\$27,4m), claims the leadership of the Canadian soyabean market, with a 20 per cent share, and second place in the mains market.

place in the mains market with 9 per cent. Sanofi is already involved in the seeds sector through its subsidiary. Rustica Semences, and has a 45 per cent share of the French soyabean market. I also claims second place in the world sunflower seed market.

its C\$600m bid for Robins it is still examining other oppor tunities in the crowded US pharmaceuticals sector.-

### Akzo profit hit by weak trading

area, which is expected to be an AKZO, THE Dutch chemicals and fibres group, has suffered sharply lower profits for 1987 following weak trading in man-made fibres and consumer products.

products.

Group turnover for last year was little changed at F1 15.5bm, against F1 15.6bm. But pre-tax profits, prior to the inclusion of exceptional gains, numbled to F1 1.05bm (\$550m) from the F1 1.29bm of 1986.

Akzo, which is maintaining its dividend at F1 6.60 a share despite the reverse, said its basic chemicals division performed well enough, lifting its contribution to profits to F1 470m from F1 421m a year esrilier.

470m from FI 421m a year earlier.

The company's main problem areas were fibres, where the contribution alumped from FI 275m to FI 50m, and the consumer products division which made a profit of FI 85m, against FI 205m in 1986.

Adjusting for exceptional gains, profits for the year were actually ahead, rising to FI 940m from FI 842m. Exceptional gains totalled FI 270m, against FI 23m.

The result is broadly in line with estimates provided by Aicco earlier this month. Last year's exceptional gains arose

year's exceptional gains arose from the Fi 1.2bn disposal of a 51 per cent shareholding in Akzo Consumenten Produkten. Group pre-tax profits for the final quarter of last year fell to F1 220m from F1 300m. Profits

in the third quarter, which took in a loss on fibres of F1 24m, were FI 219m. At the time of the third-quarter results Akzo explained that its losses on fibres reflected falling market prices coupled with rising raw material costs.

Notice is hearby given that the rate of interest for the period 25th January, 1988 to 25th July, 1988 has been fixed at 8 per cust per annum.

SWISS BANK CORPORATION INTERNATIONAL LIMITED

#### Hispano Americano bank lifts dividend

Nora, which had sales in 1987 about SKr1.05bn. It was the of more than NKr5bn largest share issue ever han (\$789.8m), is offering Procordia dled by the Stockholm bourse.

This was after devoting three years ago.

BANCO HISPANO Americano Pra68.6bm to raising its yesterday announced a sharp reserves and providing for penincrease in its dividend for sion funds under new rules and 1987 to Pta100 per share from prased, while channelling almost all its earnings into provisions.

The bank, which said it had now completed the process of now completed the process of achedule, it was now well-restructuring begun in 1986, placed to produce high profits showed net profits of only Pta135m (\$1.2m) compared with Pta9.53bn in 1986.

This was after devoting the forced to omit its dividend three years are

U.S. \$400,000,000



### The Kingdom of Belgium

Floating Rate Notes Due February, 2000

In accordance with the provisions of the Notes. notice is hereby given that interest payable on 29th February, 1988 will amount to U.S.\$9,834-20 per U.S.\$250,000 Note.

Interest rates applicable are as follows: 28th Aug. 1987 to 30th Sept. 1987 - 73/16% 30th Sept. 1987 to 30th Oct. 1987 - 81/6% 30th Oct. 1987 to 30th Nov. 1987 - 71/8% 30th Nov. 1987 to 31st Dec. 1987 - 71/2% 31st Dec. 1987 to 29th Jan. 1988 - 81/16%. 29th Jan. 1986 to 29th Feb. 1988 - 7/4/16

\_\_\_ Agent Bank: Morgan Guaranty Trust Company of New York Londen

CTTCORP Q U.S. \$500,000,000

**Subordinated Floating Rate Notes** Due October 25, 2005

Notice is hereby given that the Rate of interest has been found at 7.0375% and that the interest payable on the relevant Interest Payabet of Date February 29, 1988 against Coupon No. 28 in respect of US\$10,000 nominal of the Notes will be US\$60.60.

January 29, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank



CITIBANCO

Korea Exchange Bank

(Incorporated in the Republic of Korea under the Korean Exchange Bank Act of 1860, as emended) Floating Rate Notes Due 1995

in accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from January 29, 1968 to July 29, 1968 the Notes will carry an interest rate of 7% of per annum. The interest peyable on the relevant interest payment date, July 29, 1988 against coupon No. 6 will be U.S. \$9,558,16 and U.S. \$382.33 respectively for Notes in denominations of U.S. \$250,000 and U.S. \$10,000.

By: The Chase Manhatter, Bank, N.A. London, Agent Bank

January 29, 1988

market.
The acquisition of King is psy-ertheless, unlikely to sate Sanofi's North American

On the 25th July, 1988 interest of US\$40.44 per US\$1,000 nonanal amount of the Noves, US\$404.44 per US\$10,000 per USSIMMU nominal amount of the Notes, and USS2022.22 per USS30,000 nominal amount of the Notes, will be due against interest Coupley No. 14.

#### CITICORP OVERSEAS FINANCE CORPORATION N.V. (Incorporated with limited liability in the Netherlands Antilles)

US\$125,000,000 GUARANTEED RETRACTABLE NOTES DUE 1997 Unconditionally guaranteed by

CITICORPO

Notice is hereby given that pursuant to Condition 2(b)(ii) of the Notes, the new rate of interest for the period March 1, 1988 to February 28 1991 will be fixed by the Company and notice of the new rate of interest will be published on February 10, 1988.

January 29, 1988 London By: Chibank, N.A. (CSSI Dept), Fiscal Agent

#### National Australia **Bank Limited**

US\$100,000,000 Floating East Notes due 1997

Notice is hereby given that the Rate of interest relating to the above issue has been fixed at 7% per cent for the period 29th January, 1988 to 29th July, 1988.

Interest psyable on 29th July, 1988 per US\$10,000 Note will be US\$382.33.

U.S. \$50,000,000

Bergen Bank A/S

Agent Beaks open Generally Trees organy of New York London

#### U.S. \$500,000,000 The Republic of Italy Floating Rate Notes due 2005

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from January 29, 1988, to February 29, 1988, the Notes will carry an interest rate of 7%, per annum. The interest passable on tarry an interest rate of 7% per annum. The interest payable on the relevant interest payment date, February 29, 1988, will be U.S. \$60.28 per U.S. \$10,000 nominal amount in Bearer (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Bearer (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Bearer (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250.000 denomination in Reserve (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$1,50

denomination in Bearer (Coupon No. 30). By: The Chase Mouhitims Sent, N.A. London, Agent Bank January 29, 1988

Republic New York Corporation U.S. \$150,000,000

Plosting Rates Notes due 1991 in accordance with the provisions of the Notes, notice is hereby given that for the sh moreths interest period from January 29, 1988 to July 29, 1988, the Notes will carry an interest rate of 34/s/s. The interest payetie on the relevant interest payetie on the relevant interest payetie on the relevant interest payetie on the 1947 at 1988 will be U.S. \$192.74 per \$10,000 principal amount of Notes.

By: The Chitan Machattan Bank, ILA.

January 29, 1988 canadan Putable Capital Notes For the six month period 27th January, 1988 to 27th July, 1988 the Notes will carry an interest rate of 71/96 per sinum with an interest amount of U.S. \$379.17 per U.S. \$10,000 Note payable 27th July, 1988.

Bankers Brast
Company, London Agent Bu

Bubordinated Finating Rate Notes Due November 27, 2035
Notice is hereby given that the Rate of interest has been fixed at 7.0375 % in respect of the Original Notes and 7.125% in respect of the Enhancement Notes, and that the interest payable on the relevant interest Payment Date February 29, 1988 against Coupon No. 27 in respect of US\$10,000 nominal of the Notes will be US\$60.60 in respect of the Original Notes and US\$61.25 in respe

David Dodwell on the newly-created group which will be Hong Kong's largest

# HK Telecom set for recession-proof growth

WHEN STOCK market trading in Hongkong Telecommunica-tions begins on Monday, inves-tors will have their first chance to buy shares in what will instantly become the territory's

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The new group—a fusion of Hongkong Telephone, which provides the domestic telephone service, with Cable and Wireless (Hong Kong), which has a monopoly of Hong Kong's international telecommunications links—will be more than twice as big as any other company on the local exchange.

It will have a market capitalisation of just over HK\$73bn (US\$9.36bn) and will account for 21 per cent of the market's for 21 per cent of the market's entire value.

At the outset, investors will have access to just 9 per cent of the 9.5hn HK Telecom shares in issue. The UK-based Cable and Wireless — parent company of issue. The UK-based Cable and Wireless – parent company of both HK Telephone and Cable and Wireless (HK) – will retain about 80 per cent. The Hong Kong Government, a long-standing shareholder in Cable and Wireless (HK), will hold the remaining 11 per cent.

apiece, putting a total of 20 percent of the company into public

But the Isunch could hardly But the Isuneh could hardly have been more ill-starred – set for the morning of October 19 last year. As the share price of HK Telephone tumbled from HK\$19.30 to a post-crash low of HK\$9.30, plans for public offerings were hastily jettisoned, and have yet to be resurrected.

"The rephic floration is con-

rected.

The public flotation is constantly under review, Mr
Terry Miller, the new deputy
chief executive of HK Telecom,

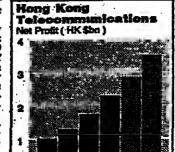
chief executive of HK Telecom, said yesterday.

Sir Eric Sharp, chairman of the British parent, insists that the company has been committed since 1981, when his company was privatised by the UK government, to giving investors an opportunity to buy shares in its Hong Kong subsisidiary.

Pressure for a reorganisation of the group's interests in Hong Kong have become more scute since it took control of HK Telephone, and since demands have begun to mount on the colonial

Kong Government, a long standing shareholder in Cable and Wireless (HK), will hold the remaining 11 per cent.

When plans to create this giant were unveiled, the picture was intended to be different. Both the Government and Cable and Wireless had plans to divest about 5.5 per cent payment of HK\$700m.



proof prospect of real growth passing 20 per cent a year for at least five years ahead.

For several years now, Cable and Wireless has looked to its Hong Kong subsidiaries to generate at least 70 per cent of group profits. The lucrative telecommunications monopolies in Hong Kong - worth about

in Hong Kong - worth about £450m (\$802.8m) in 1986 - are expected to be worth £1hn by 1991.

With the development by

1991.

O 1984 86 88 89 Est

Source: James Capit Forecast

Industry analysts in Hong
Kong are in unison in saying that the analgamation of the two companies providing the domestic and international telecommunications services under a single quoted holding company makes irresistible corporate sense.

While the two will remain separate at an operating level, they will come to resemble more closely the domestic and international divisions of Cable and Wireless in other territories worldwide like Bahrain, Barbados or even the Mercury service in the UK.

Analysts sign support to agree

Analysts also appear to agree The company has over the ignored."

among the most potent operatinks with the mainland, both ing in. Hong Kong, ranking as a consultant and a provider alongside China Light and Power as having a recession-proof prospect of real growth passing 20 per cent a weer for

Also to forestall such a possibility, the group has committed itself to setting its roots more firmly among the Hong Kong investing public. While the strong profits stream from Hong Kong has provided a powerful disincentive for the UK parent to dilute control, there is every sign that, in spite of the October crash, a larger propor-tion of HK Telecom shares will soon find themselves in public

hands

Given the local problems in digesting larga tranches of these, divestment is likely to be gradual, and may in part take the form of private placements. The Hong Kong Government is likely to be the first to dispose of its shares, attracted as it is by the prospect of massive. by the prospect of massive windfall gains. In addition, nei-ther of the local operating com-panies is in obvious need of new funds.

Whatever the prospect, as one stockbroker noted yesterday: "Twenty-one per cent of the stock market cannot be

# Strong recovery for Bethlehem Steel

BETHLEHEM STEEL, the third largest US steel group, has reported net profits for the pany was still suffering from a 1987 fourth quarter of \$71.5m or \$1.02 a share fully diluted, more than double the previous year's \$34.2m or 55 cents a ahare. Sales for the fourth quarter rose to \$1.21bn from 51.02bn in the same period a year earlier.

Italian International Bank Pic

U.S.\$60,000,000

FLOATING PLATE NOTES DUE 1991

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th densery 1988 to \* \*\*
29th July 1988 the Notes Will barry an
Interest Rate of 79/16/0 per anoum and the
Coupon Amount per US \$10,000 will be US \$38233

Agent Breit: Morgan Generally Breat Company of New York

**Bank of Montreal** 

U.S.\$250,000,000 Floating Rate Debentures,

Series 9, due 1996

Notice is hereby given that the Rate of Interest for the three month period 29th January. 1968 to 29th April. 1988 has been fixed at

71/s per cent. The amount payable on 29th April, 1988 will be U.S.\$183-26 against Coupon No. 16.

Morgan Guaranty Trust Company of New York

year earlier.

For the full year, Bethlehem saw a marked improvement in earned a net profit of \$174.3m capacity utilisation to 76 per or \$2.77 a share. This compares

decline in steel consumption, particularly in the consumer durables sector, the company said. However, Bethlehem also stressed that its strong position the hot str in the market for steel products steel works.

earier and rose to 11.54m short tons from 10.41m in tha whole of 1986. Shipments in the quarter of 2.42m short tons were up by a similar proportion from 2.07m in fourth quarter of 1986, while the yearly figure was 9.36m tons against 8.47m.

"For the year 1988, we smitipate that there will be a modest decline in steel consumption.

related construction and repair work at Sparrows Point, Mary-land, where it intends to devote a large portion of 1988's proj-ected \$250m in total capital expenditures to modernising

#### Freeport Indonesia in \$80m expansion plan

BY KENNETH GOODSIG. MINING CORRESPONDENT
FREEPORT INDONESIA, 86 per ing Corporation, say that the cent owned by the US natural resources group Freeport Highmont mine and mill will be re-opened to form part of their McMoRann-has started a three year, \$88m expansion programme to lift ore output at its copper mine by 4,000 tonnes a day to 20,000 tonnes.

The programme, financed from cash flow and a credit facility from a group of interna-

tional banks, will lift copper

production from 104,000 tonnes a year to 136,000 tonnes.

The investment should help FI to continue to reduce its break even costs, down 6 per The investment should help and mill are to be designed for FI to continue to reduce its prodoction and treatment of break-even costs, down 6 per 150,000 tonnes of ore a year, cent last year to 50 cents per lb of copper produced.

\*\*Common and Lornex Min
Geometric Description of the prodoction and treatment of prodoction and treatment of the produced and treatment of the prodoction and treatment of the prodoct

Mabon

Mining are to go shead with a \$32,4m gold mining venture at Jardine, Montana. The mine

We are pleased to announce the following

appointments in our firm **General Partners** 

Mark A. Kurland

and David S. Wade\*

Special Limited Partners

Leslie E. Dyer\* and

Mabon, Nugent & Co. 115 Broadway New York, NY 10006 212/732-2820

Glen F. Hands\*

January, 1988

Wells Fargo International Fmancing Corporation N.V. U.S. \$50,000,000 **Guaranteed Floating** Rate Subordinated Notes

Members New York Stock Exchange Inc.

due 1996 In accordance with the ions of the Notes, notice is hereby given that for the rest Sub-period 29th January, 1988 to 29th February, 1988 the Notes will carry an Interest Rate of 77/16% per annum. The interest accrued for the above period and payable on 29th April, 1988 will be

US\$61.89. Agent Bank: Company of New York Wells Fargo & Company

\*London

U.S. \$150,000,000 Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 29th January, 1988 to 29th February, 1988 the Notes will carry an Interest Rate of 7-0375% per annum. Interest payable on the relevant interest payment date 29th February, 1988 will amount to US\$60-60 per US\$10,000

Agent Bank: Morgan Guaranty Trust Company of New York London

#### Malaysia to complete DTC rescue package

By Wong Sulong in Kusia

BANK NEGARA, the Malaysian central bank, has announced the final stage of a lbn ringgit (\$390.9m) reacue package for the country's deposit-taking companies, whose operations were frozen in August 1986 after losses of

more than 700m ringgit.
The rescue package arose from the Government's assurance to the 580,000 depositors of the DTCs that they would be given a full refund of their deposits. Most of the depositors are Malaysian Chinese and con-cern over reimbursement had, at one stage, threat-ened to develop into a major political issue.

"With these arrange-

menis, we loop to see the final resolution of the DTC flasco which had resulted in much anguish and suffering by a large section of the population," said Tan Sri-Jaffar Hussein, the Bank

Negara governor.
Under the final stage of the package, the 270,000 depositors in 11 DTCs are to receive each paymouts, ranging from 50 to 70 per cent of their deposits, in three instalments, from next month to December

The balance, amounting to 315m ringgit, will be paid out in the form of shares in a finance company, called Kewangan Usahasana Mak-mur (KUMB) which will later seek a listing on the Kuala Lumpur Stock

A similar scheme has been

A similar scheme has been drawn up for Kooperative Serbeguna Malaysia (KSM), which is controlled by the Malaysian Chinese Association, the Chinese partner in the government coalition.

The 166,000 KSM depositors will get back half their 548m ringgit of deposits in cash, and the balance will be distributed in the form

cash, and the balance will be distributed in the form of shares in Magnum, the Incrative lottery company. Magnum, already listed on the KISE, is 38 per cent owned hy Multi-Purpose Holdings, another invest-ment vehicle of the MCA. Depositors of another 11 DTCs were refunded in full last year.

Barclays Bank PLC

Lloyds Bank Pic

# SAINT-GOBAIN

1987 NET INCOME: FF 2.75 BILLION + 90%

For the Saint-Gobain Group, 1987 was a good year. According to current estimates, Group net income before minority interests increased by 33%, and net income after minority interests increased by 90%.

This increase is derived both from the strong improvement in income of the Industrial Activities of the Group (69% of sales); and the important decrease in losses recorded by the Contracting and Services Activity (31% of sales).

Approximately two-thirds of this income was generated by the European companies of the Group, and the remaining third was generated by the Group's North and South American subsidiaries. The determining factor in 1987 was the very good income of the French industrial companies, whose contribution to net income was 33%.

The new progress of the Group is explained by the favourable growth of its principal markets, particularly the automobile industry, packaging, and to a lesser extent, the building industry. But this progress is also the result of the Group's capital expenditure on plant and equipment and of its management efforts. The "breakeven point" of most of the Group's plants has been able to be lowered significantly. Productivity has strongly increased everywhere. Finally, the Group has also benefited from the even geographical distribution of its activities.

increased everywhere. Finally, the Group has also benefited from the even geographical distribution of its activities.

The principal consolidated Group data in 1987 may be analyzed as follows:

The decrease (-1%) in sales (FF 76.9 billion) is derived principally from a certain decrease in the Contracting and Services Activity. This decrease is also explained by the translation, into French francs, of sales generated in dollars, and, to a leaser extent, by the changes in the composition of the consolidated Group.

The operating result of the Group is approximately FF 6 billion (+ 54%), and the Group act income (before minority interests) is FF 3.75 billion (+ 84%). These figures are calculated after: - amortisation (FF 3.25 billion), provisions (FF 0.6 billion) approximately equal to those of last year, - non-operating expenses (FF 0.9 billion) which while still significant, are lower than those of 1986:

Exceptional items, perticularly gains on sales of sasets (FF 0.49 billion) which are higher than those of 1986 (0.25 billion); - net financial charges (FF 1.36 billion) which show a significant decrease (-21%); - and strongly increased taxes (FF 2.1 billion).

The Group net income (after minority interests) is FF 2.75 billion (+ 90%), minority interests being approximately FF 1 billion. This net income is calculated, as in proceeding years, before anticipated remaneration of non-woring perticipating shares, which is FF 2.46 million.

Group sources from operations are FF 6.44 billion (+ 20%). These are to be compared to capital expenditure on plant and equipment: FF 4.4 billion (+ 15%).

The Group's sources of finands remained abundant throughout the year. They enabled the Group on one hand to pursue the reduction of its long and medium term debt, and on the other hand, to make significant investments in securities: (FF 1.95 billion). In particular, the Group's sources of finands remained abundant throughout the year.

In 1987, all of the Group's businesses expanded in all of the countries where the Group is ri

Investor Relations Department COMPAGNIE de SAINT-GOBAIN 18, Avenne d'Alsace - 92400 Courbevoie (France) Tel. (33) (1) 47-62-33-33



**GKN** plc

DM 110,000,000

Issue of preference capital in

Guest, Keen and Nettlefolds (Deutschland) GmbH

utilised to increase its stake in

**UNI-CARDAN AG** 

We advised GKN on this financing and subscribed for the new preference capital.

COMMERZBANK



#### EVERED HOLDINGS PLC £75,000,000

COMMITTED REVOLVING CREDIT FACILITY

Arranged by BARCLAYS de ZOETE WEDD

Provided by

National Westminster Bank Group

Midland Bank plc

Grindlays Bank p.l.c.

December, 1987

**Notice of Early Redemption** THE SEIYU. LTD. (the "Company") U.S. \$20,000,000 8% Convertible Bonds Due 1996

Notice is hereby given that in accordance with Condition 6(8) of the Terms and Conditions of the Bonds, the Company will redeem all of the outstanding Bonds at 102 per cent of their principal amount on February 29, 1988 when interest on the Bonds will cease to accrue. On Fabruary 29, 1988 the redemption price of 102 per cent will become due and payable upon each Bond to be redeemed, together with accrued interest from September 1, 1987 amounting to U.S. \$40.00 per U.S.

The right to convert the Bonds into fully paid shares of the Company will terminate on February 29, 1968, the date fixed for redemption. Bonds surrendered for conversion will not be entitled to accrued interest and surrandered for conversion will not be entitled to accrued interest and shall be accompanied by the February 29, 1988 Coupon and all Coupons maturing thereafter. Bonds for conversion should be deposited in accordance with Condition 5(B)(i) at the offices of the Conversion Agents specified on the Bonds on or before February 29, 1998. The Bonds are presently conventible into fully paid sheres of the Company at the price of Yen 702 per share. At such conversion price the holder of U.S. \$1,000 principal amount of Bonds would receive 303 shares of the Company (using the fixed exchange rate specified in Condition 5(A)(i) of Yen 212.79 equals U.S. \$1). The reported closing price on January 27, 1988 of the shares of the Company on the Tolyo Stock Exchange was Yen 1,970 per shares of the Company on the Tolyo Stock Exchange was Yen 1,970 per shares of seceive upon conversion 303 shares having an aggregate par ename. At 9001 a price, the hater of a 20th of all 1900 particular and an aggregate value of Yen 596,910. The aggregate principal amount of the Bonds outstanding as at the closing of January 27, 1988 was U.S. \$478,000. Faiture to deliver Bonds for conversion on or before February 29, 1988 will automatically result in redemption at a price (including premium and accused interact) of U.S. \$1,060.00 for each U.S. \$1,000 principal

Payment of the redemption price will be made against the sumender of the Bonds with all unmatured Coupons appertaining thereto at the Offices of any one of the Paying Agents mentioned thereon.

THE SETYU, LTD. By: The Chese Manhattan Bank, N.A. London, Principal Paying Agent January 29, 1988

# Rule change angers French banks

BY GEORGE GRAHAM IN PARIS

new accounting rules which financial operations.

could seriously reduce their The measure threatens a wide could seriously reduce their reported profits for 1987. The French banks' associa-

tion has asked the Commission Bancaire, the official regulator, to think again on the rules, which threaten particularly the smaller banques de tresorerie, which specialise in financial market and tresonery and treasury

Large commercial banks are less affected, though some of their specialised subaidiaries could see their profit and loss

The new rules, announced by the new rules, announced by the Commission two weeks ago, would oblige banks to make provisions for potential losses on their bond portfolios, even

Loan facility for Norwegian

oil group

By Karen Fossii in Oslo

THE NORWEGIAN Oil Con-

sortium signed in Oslo yester-day a \$130m project loan facility with a group of 10 international banks jointly

led by Christiania, Norway's second largest bank, and J.P.

Morgan. Noco is a limited partner-

Part of of the new loan is to

be used to refinance a previous \$260m financing, while the balance is for future proj-

cent on that part of the loan

which is deemed available and % per cent on that

deemed unavallable.
The field, in which Amoco of the US holds a majority

FRENCH BANKS are up in in cases where the interest rate view, this series of operations arms about the introduction of risk is fully covered by other boils down to the equivalent of range of interest rate swap operations, which became com-mon as falling interest rates

mon as falling interest rates encouraged companies to exchange their fixed-rate borrowings for floating-rate debt.

In a typical interest rates swap, a bank would receive a floating interest payment from a company and in return would undertake to pay a fixed rate to the company to meet the repayments on the company's fixed-rate debt. The bank would cover its exposure to interest rate variations by borrowing in the money market at a variable rate and buying a bond to match the fixed-rate repayments.

From the bank's point of the rules is absolutely no difference between this kind of swap and a mediture. "Economically, there is absolutely no difference between this kind of swap and a mediture trun, variable-rate loan. To make you constitute provisions at the bonds must in all circumstances be held till maturity.

In the case of swaps, the Commission is concerned that, aging director of one Paris bank.

Bankers are especially angered that the Commission's in interest rates could pose a liquidity problem for the bank, which should therefore be obliged to create provisions.

The new ruling follows an earlier relaxation of the rules banking industry's hostility.

a normal, commercial loan. Its banks need not provide for profit is the constant margin between its borrowing and lending rates and does not "immobilised". But the French depend on the fluctuations of interpretation of immobilised to the provide for the

# Junder the agreement, each share of First Kentucky National, the Louisville-based banking group whose main subsidiary is Kentucky's second blggest bank, for stock worth about \$660m. The agreed deal will create a banking group with assets of \$20bn and is a further example of smaller US banks merging across state lines — where allowed by reciprocal interstate banking pacts — to head off competition from money central when the merger, the combined companies will operate in the three neighbouring states of Ohio, Kentucky and Indiana. National City said the National City's closing stock price of \$32.63 on January 26, the transaction has a value of \$28.79 per First Kentucky share. The deal is valued at 10 times banking pacts — to head off competition from money central packs. When the merger, the combined companies will operate in the three neighbouring states of Ohio, Kentucky and Indiana. National City said the short-term dilutive effects of the transaction has a value of \$28.79 per First Kentucky share. The deal is valued at 10 times banking pacts — to head off competition from money central packs. When the merger, the combined companies will operate in the three neighbouring states of Ohio, Kentucky and Indiana. National City said the short-term dilutive effects of the transaction has a value of \$28.79 per First Kentucky share. The deal is valued at 10 times banking analysts and the packs of the merger that in the three neighbouring states of Ohio, Kentucky at in the three neighbouring states of Ohio, Kentucky at in the three neighbouring states of Ohio, Kentucky at in the three neighbouring states of Ohio, Kentucky at in the three neighbouring states of Ohio, Kentucky at in the three neighbouring states of Ohio, Kentucky at in the three neighbouring states of Ohio, Kentucky at in the three neighbouring states of Ohio, Kentucky at in the three neighbouring states of Ohio, Kentucky at in the three neighbouring states of Ohio, Kentucky at in the three neighbouring states of Ohio, Kentucky at in the three n

ship, one-third held by the Fred Olsen group, which has a 25 per cent stake in the Norwegian North Sea Valhali oil field. When the merger is com-pleted, which is expected to be in late spring, National City would be among the 35 largest bank holding companies in the the balance is for future projects, including the development of the marginal Hod oil and gas field.

The loan is for a five-year term and bears a basic interest margin of % per cent and commitment fees of % per

First Kentucky has \$5.1bn in assets and more than 5,200 employees. In 1986 it had net profits of \$50.1m. National City has assets of \$14.9bn and 9,100 employees.

of the merger, National City said.

Mr A Stevens Miles, chairman and chief executive officer of First Kentucky, will become vice chairman of National City.

## Rich in Sun work station deal

BY ALAN CANE

RICH OF Chicago, a leading supplier of dealing-room systems owned by Reuter of the UK, has concluded an agreement giving it access to the most powerful desk-top computing technology available. It has signed an agreement

stake, is currently producing around 70,000 barrels of oil per day although capacity has been designed for more with Sun Microsystems of Mountain View, California, which will allow Rich customthan 350,000.

The Amoco/Noco group intends to put forward a NKr2bn to NKr3bn development plan for the Hod field. The Hod development is to use the Valhall field infraers to specify Sun's high perfor-mance work stations for use with Rich's well regarded trad-ing information architecture. (This is an information switching system designed for both traditional video-based data structure and oll could be produced during 1990. and the newer computer-based

digital data.)

Sun, one of the fastest growing US microcomputer manufac-turers, is best known as a sup-plier of scientific and technical

work stations, but it has recently been attacking finan-cial markets aggressively and

er-based analytical tools to help in combination with the Sun work station, the system will make possible the display and analysis of market price data as it is fed into the system from which process 10m instructions

Mr Michael Schiffman, senior vice president, marketing, at Rich said: "Sun offers Rich cli-ents a powerful desktop com-puter for analysing market information. Sun work stations provide a technology platform Securities traders today, especially in the US, use a sophisticated range of comput-

#### MoF may alter terms of next NTT offer

THE JAPANESE Ministry of

THE JAPANESE Ministry of Finance (MoF) is considering, among other measures, reducing the number of shares in the next public offering of equity in Nippon Telegraph and Telephone (NTT), the Japanese telecommunications glant.

The measures, which also include allowing more foreign securities companies to participate in the underwriting, are being considered in the light of the deterioration of the NTT share price in the last few months.

Two tranches of 1.95m NTT shares were issued last year, the second offering at a breathtaking Y2.55m (\$20,100) per share in November which valued the total company at Y39.8hm (\$313m).

total company at Y39.8hm (\$313ba).
Since then, the shares have tumbled, reaching Y2.08m early this month. They closed yesterday at Y2.88m, up a hefty Y150,000 following reports of the MoF's thinking. However, the price is still nearly 200 times the forecast earnings for the current year to March 31 1988.

MoF efficials fear that further issues of NTT

further issues of NTT shares – another 1.95m tranche is planned for later this year - could have a depressing effect on the depressing effect on the price. They emphasised, however, that the main purpose of the issues was to transfer the shares to the private sector, not to raise funds, so it was very unlikely that they would decide to reduce the number of shares. ber of shares.

A more likely move would be to increase the number of foreign securities houses allowed to participate in the underwriting syndicate and increase their share allocations. In last November's sale, 35 foreign bro-kers received 4.46 per cent of the shares and sold them

Officials said another way of easing the sale would be of easing the sale would be to offer more shares to institutional investors. Last November, the MoF guided brokers to sell less than 20 per cent of the shares to institutions, preferring that the bulk of the shares went

There is also the possibility of allowing foreign investors to hold the ahares. However, that would require a change in NTT's charter by legislation in parliament. An official at the Ministry of Posts and Telecommunications said yesterday there was no plan to change the law at this

#### Uniroyal Chemical up for sale

AVERY THE former US coal company which bought Universal Chemical in October 1986 for \$710m, is to sell the unit because of its inability to turn it into a

Avery was a tiny coal company with sales of just \$7m when it bought Uniroyal Chemical during the 1986 liquidation of Uniroyal, the tyres, chemicals

seen as the Jewel in Uni-royal's crown.

However, Mr Nelson Peltz, Avery's chairman and chief executive, said Avery had been unable to carry out its strategy for the unit and foresaw little opportunity in the future.

to build a multi-national company through the acqui-sition of other speciality

acceptable prices.
Avery's chief shareholder
is Triangle Industries, the
acquisitive US packaging group which was seen by analysts as wishing to use Avery and Univoyal Chemical as off-balance sheet vehicles for expansion into

Mr Peltz said the speciality chemical industry is dominated by large multina-tional companies and that he expects the unit can be sold at a profit. Its sales for the 12 months ended Sep-tember 30 were \$627m.

# Further Eurodollar deals meet respectable demand

THREE MORE Eurodollar straight bond deals were brought to the market yesterday, bringing total issuance this as the Treasury market has being a yield spread of 86 basis points over the comparation. Westerday Abbey National, the UK building society which issued a Eurosterling bond earling US gross national product figures.

Yesterday's bonds were all for borrowers in the financial sector and so were expected to have less appeal than earlier.

INTERNATIONAL BONDS

INTERNATIONAL BONDS

INTERNATIONAL BONDS

In secondary market trading, In secondary market trading to its fees. It bore an 8% per cent coupon and 101% pricing cent coupon and 101% pricing to give a yield spread of 86 basis points over the comparation to give a yield spread of 86 basis points over the comparation to give a yield spread of 86 basis points over the comparation to give a yield spread of 86 basis points over the comparation to give a yield spread of 86 basis points over the comparation to give a yield spread of 86 basis points over the comparation to give a yield spread of 86 basis points over the comparation to give a yield spread of 86 basis points over the comparation to give a yield spread of 86 basis points over the comparation to give a yield spread of 86 basis points over the comparation to give a yield spread of 86 basis points over the com

bonds continued to rally in the wake of Wednesday's encouraging US gross national product figures.

Yesterday's bonds were all for borrowers in the financial sector and so were expected to have less appeal than earlier issues for sowereigns and Scandinavian state-backed borrowers. But, even though investors are now spalled for choice, the new bonds still seemed to meet respectable demand. respectable demand.

All this week's bonds have traded within their fees, but dealers noted that yield spreads have widened by around 10 basis points as the US Treasury bond market has railed. This

iier in the month, appeared with a \$150m five-year 8% per cent deal priced at 101%.

At this level it provided an initial yield spread of 100 basis points over US Treasury bonds, attractive enough for the bond to trade at less 1.80 bid, just inside 1% per cent fees. It was led by Chase Investment Bank.

The \$100m four-year bond for Gommersbank Overseas Figunce, led by the parent company, also traded at levels close

ank

In secondary market trading, Eurodollar bonds rose by up to % percentage points in the 10-year area and about % points at

year area and about % points at the five-year maturities.

Rumours continued to circulate that more Eurodollar issues for sovereign borrowers were on the way. Many dealers were expecting Belgium to launch a \$400m deal, possibly early next were also mentioned as possible issuers of sizeable transactions.

## **Eurosterling issue for BNP**

BANQUE NATIONALE de Paris points higher at 100.70. borrowed £75m in the Euros Domestic D-Mark bonds terling market yesterday as UK government bonds were buoyed by the US Treasury market's

strength.
Sterling bond dealers shock off indifferent UK trade data, which showed the country's current account defleit at £582m in December, and con-centrated instead on the firm tone in New York.

This triggered strong railies in Eurosterling prices, which took a £200m five-year deal for Sears, the UK retailing group, launched earlier in the week to 1.35 bid, compared with 1% percent fees cent fees.

BNP's 9% per cent five-year issue, led jointly by Kleinwort Benson and BNP Capital Mar-

kets, was priced at 101% to give an initial 41 basis point yield margin over the compara-ble gitt. It traded at levels

ble gift. It traded at levels around its fees.

D-Mark Eurobonds were also stronger, gaining as much as 70 basis points at the highest point, in good turnover, Most demand centred on sovereign issues. The benchmark 6% per cent 10-year bond for the World Bank was fixed 40 basis

meanwhile were also enthused by the US Treasury bond mar-ket's rally. Prices rose by up to

60 basis points, in similarly active turnover. active turnover.

The Bundesbank will announce details next Tuesday of a new 10-year Federal Government bond. It is expected to be for between DM4bn and DM5bn. Dealers were uncertain

DM5bn. Dealers were uncertain yesterday what the coupon level would be. The most recent Federal government issue was fixed 60 basis points higher at 100.35 to yield 6.32 per cent.

Bayerische Vereinsbank will announce today a DM300m five-year 5 per cent bond for Rayerische Vereinsbank Overseas Finance, priced at 100%. In grey market trading yesterday the bond was quoted at around less 1% bid. Fees are not disclosed.

continued firm, with price gains year. mixed. A SFr150m 44 per cent Nis mixed a SFr150m 4½ per cent Nikko Securities (Europe) led 10-year bond for the Province a \$120m deal for Shimadzu, a of Saskatchewan closed its second day's trading at 100%, which traded at 101 bid. Daiwa

DSM, the Dutch state-owned chemicals, plastics and fertilisers company. The 4% per cent bond, priced at 101, was quoted in grey market at around less 1% bid, the level of its selling

Swiss Bank Corporation led a SFr100m six-year bond for Hydro Electrica Iberica, the Spanish electrical perica, the Spanish electricity utility. It has a 4% per cent coupon and 100% issue price.

A SFr80m. convertible for TBC Electronics, the sales arm of Tokyo Electric – the first such deal in Switzerland since

the stock market crash - closed the stock market crash - closed its first day's trading at 104 to 105%, against a par issue price.
Two Japanese equity warrants bonds emerged in the Eurodoliar sector. Both fiveyear par-priced issues carried indicated 5 per cent coupons, a level which has become stan-dard since this sector was Swiss franc foreign bonds reopened at the start of the

second day's trading at 100%, which traded at 101 bid. Daiwa Europe launched a \$100m deal for Nankei Electric Railway, SFr110m seven-year bond for quoted at less 1% bid.

#### FT INTERNATIONAL BOND SERVICE

Closing prices on January 28 ### STRAIGHTS | Straige on | STRAIGHTS | S 45 954 974 404 404 5.21 40 974 974 404 5.21 Abbey Bational 712 92 All Mapon Air 912 97

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**ASDA-MFI GROUP PLC** (a company registered with limited liability in England No. 1396513)

£100,000,000 9\% per cent. Bonds due 2002

**NOTICE OF MEETING** 

of the holders of the above mentioned bonds

NOTICE IS HEREBY GIVEN that a Meeting of the holders (the "Bondholders") of the £ 100,000,000 9½ per cent. Bonds due 2002 (the "Bonds") of ASDA-MFI GROUP PLC (the "Company") will be held at Morgan Grenfell & Co. Limited, 20 Finsbury Circus, London ECZM 2AX on Thursday, 25th February, 1988 at 11 a.m. for the purpose of considering and, if thought fit, passing the following Resolution, which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed (the "Trust Deed") dated 15th May, 1986 made between the Company and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Bonds-

**EXTRAORDINARY RESOLUTION** 

"THAT this Meeting of the holders of the outstanding £100,000,000 9% per cent. Bonds due 2002 (the "Bonds") of ASDA-MFI GROUP PLC (the "Company") constituted by a Trust Deed dated 15th May, 1986 made between the Company and The Law Debenture Trust Corporation p.Lc. (the "Trustee") as trustee for the holders of the Bonds (the "Bondholders") hereby:— (1) sanctions the Proposal (as described in the Notice convening this meeting (a copy whereof has been produced to this Meeting and for the purpose

of identification signed by the Chairman hereof)) and the implementation thereof; (2) sanctions any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders and the holders of the interest coupons appertaining to the Bonds (the "Coupons") against the Company (whether such rights shall arise under the Trust Deed, the Bonds, the Coupons or otherwise) involved in the implementation of the Proposal and this Resolution; and

(3) authorises and requests the Trustee to concur in the implementation of the Proposal and this Resolution and to execute a Supple Deed to give effect thereto in the form of the draft produced to the Meeting and signed for the purpose of identification by the Chairman hereof." The attention of Bondholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting, which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Trust Deed (including the Terms and Conditions of the Bonds) and the Supplemental Trust Deed referred to in the Extraordinary Resolution set out above will be available for inspection by Bondholders at the specified offices of the Paying Agents set out below. in accordance with normal practice the Trustee expresses no opinion on the merits of the Proposal but has authorised it to be stated that it has no objection to the Extraordinary Resolution being submitted to the Bondholders for their consideration.

It is proposed that the due date for payment of interest on the Bonds should be brought forward from 15th May to 25th April in each year and that the final maturity date of the Bonds should become 25th April, 2002, if the Extraordinary Resolution is passed the Company will nevertheless pay in respect of the coupon next payable the amount which would have been due theroon had the relevant interest payment date remained unaltered, with the result that Bondholders will receive an additional 20 days interest.

**VOTING AND QUORUM** 

 A holder of the Bonds wishing to attend and vote at the Meeting in person must produce at the Meeting either the Bond, or a valid voting certificate
or certificates issued by a Paying Agent relative to the Bond(s) in respect of which he wishes to vote. A holder of Bonds not wishing to attend and vote at the Meeting in person may either deliver his Bond(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified offices of the Paying Agents set out below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions. Bonds may be deposited with any Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his listinctions.

Bonds may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by Cedel or the Operator of the Euro-clear System or any other person approved by it, for the purpose of obtaining voting certificates or giving woting instructions in respect of the Meeting on the basis that all such instructions are, during the period of 48 hours prior to the time for which such meeting or adjourned meeting is convened, neither revocable nor subject to amendment. Bonds so deposited or held will be released at the conclusion of the Meeting (or, if applicable, any adjourned such Meeting) or upon surrender of the voting certificate(s) or, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is convened, the voting instruction receipt(s) issued in respect thereof.

2. The quorum required at the Meeting is two or more persons present holding Bonds or voting certificates or being proxies and holding in the aggregate not less than two-thirds of the principal amount of the Bonds for the time being outstanding. If a quorum is not present at the Meeting, the Meeting will be adjourned and the Extraordinary Resolution will be considered at an adjourned Meeting (notice of which will be given to the Bondsholders). The quorum at such an adjourned Meeting will be two or more persons present holding Bonds or voting certificates or being proxies and holding in the aggregate not less than one-third in principal amount of the Bonds for the time being outstanding.

3. Every question submitted to the Meeting will be decided in the first instance on a show of hands unless a poll is demanded by the Chairman of the Meeting or by the Company or by one or more persons present holding one or more Bonds or voting certificates or being proxies and holding or representing in the aggregate not less than one fittieth part of the principal amount of the Bonds for the time being outstanding. On a show of hands every person who is present in person and produces a Bond or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall have one vote in respect of each £1,000 principal amount of the Bonds so produced or represented by the voting certificates so produced or in respect of which he is a proxy or in respect of which he is the holder.

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the persons voting thereon upon a show of hands or, if a poll is demanded, then by a majority consisting of not less than three-fourths of the votes given on such poll. If passed, the Extraordinary Resolution will be binding upon all the Bondholders, whether or not present at such Meeting and whether or not voting, and upon all

PRINCIPAL PAYING AGENT

Kredietbank S.A. Luxembourgeoise

43 Boulevard Royal, Luxembourg L-2995

OTHER PAYING AGENTS Kredictbank N.V., Arenbergstraat 7, i000 Brussels

S.G. Warburg & Co. Ltd., 33 King William Street, London EC4R 9AS This Notice is given by ASDA-MFI GROUP PLC

significant force in the world apeciality chemical industry.

and plastics concern that had itself been taken pri-vate in 1985. The unit was seen as the jewel in Uni-

in the future. The company said it had planned to use the Uniroyal sequisition as a foundation

chemical companies.

But a number of prob-lems, including a weakening dollar and continually ris-ing price/earnings multi-ples of companies in the energiality chemical indusples of companies in the speciality chemical industry, had hampered Avery's search fur acquisitions at

In addition, the company said that, due to first-quar-ter iosses of \$42.7m, it would probably have to offer to repurchase \$10m principal amount of its 10 per cent convertible subor-dinated debentures on June 30 in order to comply with certain debt provisions.

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Deted 29th January, 1988

# Rank's £208m beats forecasts

Rank Organisation, leisure and entertainments group, yea-terday amounced pre-tax profits up 27 per cent from £164. Im to a record £208.3m for the year to the end of October 1987. Turnover was lower at £668.4m, against £718.1m.

Earnings per share rose :28 per cent to 58.2p (46.4p) and a final dividend of 14.5p is proposed, making 21.75p (18p) for the year.

The results were shead of

the year.

The results were shead of City expectations and the shares rose 37p to 624p on the news, before closing at 621p.

The share of Rank Xerox contributed trading profits of £115.7m (£81.1m) with the other industries recording profits of £100.3m (£84.4m).

All the sector activities showed an increase in trading profits except precision industries, which fell 24 per cent from \$18.8m to \$14.2m.

The state of the s

10 11 12

41.00

from £13.8m to £14.2m.

The holidays and recreation sector increased trading profits stake in the New Zealand enterfrom £33.5m to £43.9m; film tainment group Kerridge Odeon,

about 53.7m as a result.

The Fuji Xerox contribution grew by 24 per cent with underlying growth of 14 per cent excluding the favourable exchange rate. The rest of Rank Xerox increased its contribution by 55 per cent, an underlying rate of growth of about a third.

• comment

This is the fourth year in succession that Mr Michael Gifford, Rank's chief executive, has been able to announce pre-tax profits and earnings per

Rank Organisation, leisure and television services made wings boliday company and erday amounced pre-tax professar 216.3m (£12.3m), hotels and catering £16.5m (£12.1m) and although the company remains or the year to the end of October 1987. Turnover was lower at £668.4m, against £718.1m.

Earnings per share rose :28

The Full Kerox contribution

and television services made wings boliday company and although the company remains diverse it now has the capacity to concentrate on sector strengths, in addition, reorganisation of the balance sheet will increase Rank's borrowing powers about £9.7m as a result.

The Full Kerox contribution increase Rank's borrowing powers and consequently its flexibility to expand in those sectors. The group continues to invest in the Butlins holiday camps and new budget hotels, both of which returned good results for 1986/7 and Rank Kerox is developing the twin strengths of new technology and a highly successful copier leasing and financing package. The group's proposed subscription TV service, showing recent feature films, awaits government approval, but if it goes ahead it could use technical expertise from the group's precision industries sector, which seems to be on a less prosper-



Michael Gifford, Rank's chief

# Peachey makes £58.5m bid for EPIC

Just before Christmas, Tra-faigar House sought control of Chase Property in the first major property takeover attempt since mid-October. The Peachey offer has been pitched at 240p a share with a loan note elternative. It has been recented by London Search been accepted by London Securities which last year in a share

TIP Europe to

TIP Europe, the trailer rental company which abandoned its plans for flotation in the wake of October's crash, now plans to

The company intends to raise

The company intends to raise just £15m - the maximum allowable via a placing on the main market. It had earlier hoped to raise £25m, which would have required an offer for sale. TIP's initial market capitalisation is now expected to be £80-85m, rather than the £100m planned in October.

The company is planning a

The company is planning a dual listing in London and

join the market next month,

join market

next month

By Philip Coggest

Peachey Property yesterday swap with Phoenix Assurance gamed control of 25 per cent of takeover bid in the property sector since the stock market collapse when it made a £68.5m cash bid for Estates Property Investment Company.

The bid was promptly but cautiously rejected by EPIC which said that the price undervalued the company and that it was in any case having discussions with other bidders.

Just before Christmas, Trafalgar House sought control of degree steady like. Peachey's move caused a minor flutter on the share market. The Peachey shares moved down immediately to a low for the day of 376p before steadying to close 6p down at 380p. EPIG shares quickly rose above the offer price, touching 250p before settling at 246p for a day's gain of 15p.

The open bid for EPIC is clearly designed to force the company's hand after stalemate in private talks which have been going on since early Janu-ary. The offer of 240p a share was made to EPiC earlier this

EPIC noted on both January 12 and on January 20, when it announced pre-tax profits for the half year to October 31 of \$2.04m, that it had received more than one bid approach. Who the other bidders are is not known.

Mr John Brown, Peachey's managing director, explained yesterday that the EPIC property portfolio was complementary to that of Peachey. He is particularly interested in its industrial property interests.

"We are under weight in industrials. They are going to improve in the next year or two. This is the time to be buy-

financed from Peachey's own resources, which in recent months have been boosted by e \$31.8m rights issue, the sale of a significant City of Loodoo property and a sterling commercial paper programme.

After the rights issue gearing dropped to 42 per cent. It would be increased for a short period by the financing of the acquisition but then reduced again by property sales as the two different portfolios were

#### **Argyle Trust profits** jump and £3m placing four months

Argyle Trust yesterday the basis of \$1 nominal for reported a 57 per cent jump to
£1.1m in 1987 profits and at
the same time announced a £3m
placing to permit the further
expansion of its secured lending
activities.

Argyle 1748 yesterday
the basis of 21 homital for
every seven shares held.

Mr G.F.K. Morgan has undertaken to procure that certain
companies in which he has an
interest take np their maximinm entitlement and Mr J.N.

-The company plans to raise Oppenheim has agreed to take \$2.9m, net of expenses, by an issue of \$3.05m nominal 11 per cent convertible subordinated from \$4.03m to \$5.72m. Tax insecured loan stock 1892. The took \$288,000 (added, \$5,000) insecured loan stock 1892. The took \$288,000 (added \$5,000) stock has been conditionally and earnings per 25p share placed at par with Clerical, were 4.12p (3.34p). The dividend & General Life Assurdend is raised 50 per cent to 3p. Argule said yesterday that it remained of the view that an involvement with a third party stock in proportion to their stock in proportion to their holding.

The stock is being offered on growth prospects.

# RHM well ahead after

Ranks Hovis McDongall, the bakeries and food group in which Australasian company Goodman Fielder Wattie holds near-30 per cent stake, yester-day told sharebolders that

results in the first four months of the current year were "well shead" of last time.

"On present indications," said chairman Sir Peter Reynolds at the annual meeting, "we look forward to an excellent year." The board's recent decision to

refuse GFW any boardroom representation was warmly welcomed by the 200-odd shareholders who turned up for the meeting.

## The Rank Organisation 1987 Results

Profit before tax	1987 £208.3m	<u>Increase on 1986</u> +27%
Earnings per share	58.2p	+28%
Ordinary dividend	21.75p	+21%

unt for the year ended 31st October 1987 is an extract from the Report & Ano istrar of Companies upon, which the auditors have given an unqualified re

**Another year of progress** 



The 1987 Report & Accounts will be posted to shareholders on 18th February 1988.

Copies may be obtained from the Secretary, The Rank Organisation Pic,
6 Commanght Place, London W2 2EZ.

#### Lonrho 21% ahead and seeks own shares

By Clay Harris

Lourbo, international trading groop, yesterday reported a 21 per ceot advance in pre-tax profits to 5200.2m in the year to September 30 1987 and said it would seek shareholders' approval to buy in up to 15 per cent of its shares. It also announced a one-for-six acrip issue, which follows issues on a one-for-10 basis in each of the

preceding two years, and a 19 per ceot dividend Increase.
The shares responded with an 11p rise to 262p in the heaviest trading day in

the stock since Big Bang. Volume on the Stock Exchange's Seag screen-based trading system soared to 9.7m shares. The decision to seek its first authority to boy chares was made after the October crash, Lourho said. It wanted to be able to act swiftly if share prices fell

sharply again.
The directors stressed that the company was in a strong liquid position after

strong liquid position after another record year. Cash and unused borrowing facilities exceeded £1bn, compared with sbareholders' funds which grew by more than 50 per cent to £924.2m (£612.6m).

However, Lourbo did not escape criticism from House of Fraser, its long-time antagooist, which noted "with interest the improved profits" but was concerned. profits" but was concerned that earnings per sbare were "still substantially lower than in 1976."

In a reference to a clash over Loorho's 1985-88 accounts which led to legal action, Fraser said: "We look forward to the publica-tion of the detailed report and accounts which of course will be sobject to the closest scrutiny.

'We are particularly interested in any changes of presentation which may be made in light of the assurances which we under-stand to have been given to the Department of Trade and Industry," Fraser said. Mr Paul Spicer, Loarho director, diemissed the etatement as a "pathetic

otatement as a "pathetic press reicase."

The group's pre-tax advance from £165m was achieved on turnover 14 per cent "ahead" at £8:01bm (£2.65bm). Turnover figures exclude share of associates alts = £602.5m (£559m) = although the pre-tax profits include £36.5m (£24.5m) from associates.

Trading improvements in

Trading improvements in overseas subsidiaries, especially in Africa, helped to offset sterling's strength against local currencles. There was particular bene-fit from increased volume in its mining operations.

Newspaper investments in the UK, however, resulted in extraordinary charges. Lourbo reported a 54.3m loss on the disposal of its majority interest in News (UK), former pub-lisher of Today.

There was also a large, but unspecified charge relating to the closure of the printing operation at the Observer. Along with other closure costs, these charges reduced the \$71.1m extraordinary profit on the Casino Group to a net \$43.6m credit (£12.4m charge in 1986).

Tax of \$83m (\$71.4m) reflected a decline in the effective rate from 48.4 per cent to 41.4 per cent Minority interests fell to \$13m

Rarnings per share were 30.1p (23.2p adjasted). Fully diloted earnings rose to 27.5p (21.7p).

(7p) will bring the total to 13p (10.91p adjusted). In line with its practice, Lonrho will simultaneously pay an unchanged first interim dividend of ip. The scrip issoe takes effect after-

# Dee forecasts 4% fall in profits to £185m

Dee Corporation, grocery group, yesterday forecast pretax profits of about £185m for the year to end-April, four per cent lower than the previous 12 months. The group is combating a £26.7m to £52m, with earnings a £2bn bid from Barker & Dobson, much smaller sweets and supermarkets company.

The forecast came only hours after the Takeover Panel published a ruling that there were no grounds for deciding that the offer should lapse. It said

son, much smaller sweets and supermarkets company.

The forecast came only hours after the Takeover Panel published a ruling that there were no grounds for deciding that the offer should lapse. It said that the bidder had made available information required by the Takeover Code.

the Takeover Code.
The full Panel meets oo The full Panel meets oo Wednesday to hear an appeal by Dee against an earlier Panel executive decision that B&D was oot in breach of the Takeover Code. Dee argued that B&D had failed to comply with the Code's provisions "as to the sufficiency of information, and standards of care and accuracy in preparing its documents to in preparing its documents to such an extent that the Panel should require the offer to

lapse."
The Dee forecast was in line with City estimates and came

Unilever, the Anglo-Dutch

The revised offer, which will expire on February 12, values each Bushells share at A\$2.49, compared to its initial offer of

Warner Estate Holdinge

raised pre-tax profits by 14 per cent from \$3.89m to \$4.43m in the year to end September 1987. Turnover for this property investor rose 15 per cent to \$12.64m.

Earnings per share came out at 29.9p (26.5p) and a final payment of 18.5p (15p) makes a total of 27p (22.5p). A pro-

posal is also being made to sub-divide the 25p shares into

Warner Estate

advances 14%

tional.

were no plans to dispose of the US chain and intended adding

Yesterday, Mr Alec Monk, Dee's chairman, attributed the earnings fall to four factors: reduced profits at Hermans, its US-based sporting goods chain; the substantial rise in interest charges on the back of the sopermarket development programme; the one-off problems at Gateway, which hit principally in the first half; and the rising tax charge.

Hermans, he stressed, would be in profit for the full year. It incurred a \$5.5m loss to the first half, but bas its profits heavily skewed to the second six months.

Mr Mook added that there

which they would prefer, it said. "All the Panel has decided is that B&D has complied with Mr Mook added that there the ioformation requirements were no plans to dispose of the

#### Investment benefits help Unilever lifts offer Everards to £1.37m for Bushells

consumer products group, yes-terday ennounced that it had raised its takeover offer for Bushells Holdings, the Austra-lian tea and coffee distributor,

to value the business et A\$202m (£81.2m), compared to A\$187m in its initial bid. It has recommended, making 9.2p for the year, compared with 8.8p. Earnings per share increased 26 declared the offer vocondiper cent to 49.8p. Unilever already held 48.9

or cent of Bushells before launching its offer, so the revised bid will only cost it around A\$103m. The company said that the Australian Mutual Provident Society has accepted its offer, lifting its entitlement over Bushells' shares to 72.6

Everards Brewery yesterday company was well placed to reported a 6.5 per cent rise in taxable profits from £1.29m to £1.37m for the year ended September 28 1987, on turnover up 6 per ceot from £19.29m to £20.45m.

Can be desired as a factor of the year cont.

Improvement of 8 per cent.

Improved margins helped Heavitree Brewery to raise its 20.45m.

A final dividend of 4.8p is profit from £907,000 to £1.02m coreadyin the year ended Octo-ber 31 1987. Sales reached \$5.36m, against \$5m. Shareholders in the company, which

Mr Richard Everard, chairman of this brewer and wine
merchant, said the benefits of them 12.4p for the year (11p).
the changes undertaken in the
Earnings were 37.1p (32.2p)
period were begioning to be after tax of 5369,000
felt. He was optimistic that the (£331,000).

Corres - Total

#### DIVIDENDS ANNOUNCED

	Current payment	of payment	ponding div	year	year
Argyle Trustfin	3		2	3	2
Assoc Fisheriesfin	4	Apr 11	3.5	5	4
Border TV ∫	0.65		0.6	-	1.4
BTS Group \$int	1.3	•	1.3	•	4.25
Dale Electricint			1.5		3.5
Everards Brewfin		Mar 15	4.8	9.2	8.8
Fitch Lovell		Mar 31	3.8		11.3
Fleming Fledgefin		•	1.55	2.6	2.55
Fletcher Kingint		-	•	-	3
Haynes Publishint	. 7	Apr 29~	5		14_
Heavitree Bwyfin			9	12.4	11
Kershaw (A)fin			11	18.5	15
London investint		Apr 8	0.54	-	1.5
Lonrhofin			6.4"	12.91*	10.83
Lonrhoint			0.91*	-	12.91
Nesco investint			2		2
Park Foodint			1.55	-	4.8
Rank Organfin		Apr 7	11.76	21.76	18
Warner Estfin			15	27	22.5
Webb (Joseph)int		Apr 8	0.13	•	0.6
Wintrustint		Mar 31	2		6.2

Sp shares.

Realised capital surpluses arising from the sale of investment properties was \$4.13m.

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip Issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market.

#### WILDING PROFITS UP 60%

Wilding Office Equipment PLC - the office equipment retailer has announced outstanding final results for 1987, its first financial year since obtaining a Stock Exchange listing in December 1986.

Year ended 30 September	1987 £'000	1986 £'000	
Turnover	30,849	22,207	UP 39%
Profit before tax	2,021	1,264	UP 60%
Earnings per share	11.7p	7.6p	UP 54%

Final dividend payment of 1.95p per share gives 3.25p per share for the year - as forecast at the time of flotation.

Growth has continued in all the

Company's activities

Six more shops opened – two more to open before March 1966, Wilding now bas 49 shops plus seven in-store concessions.

Office furniture sales doubled – For a copy of our 1987 Report and Accounts, please contact the Company Secretary on 01-476 5900 or at the address below:

now eccount for almost 20% of turnover. Sales for first three months of current financial year already up by 40% over the same period last year.
The Directors view the current year with great confidence.

531-535 High Road Ilford Essex IG1 1TZ Telephone: 01-514 1525 Telex: 264371 WILDIN G Fax: 01-478 0436

OFFICE EQUIPMENT PLC

91-93 Boulevard Pasteur 75015 PARIS

NOTICE TO NOTEHOLDERS and BONDHOLDERS

CAISSE NATIONALE DE CREDIT AGRICOLE

1) A lew No. 88.50 dated January 18, 1988 provides for:

(i) a change of the legal status of Chiese Nationale de Credit Agricole ("C.N.C.A.") from that of a Public Institution (Etablissement Public a Ceraciere Industriel et Con of a corporation (Società Anonyme) subject to Franch private law, fully owned by the Franch State. All gasets and liabilities of the former "C.N.C.A." are transfered to the new "C.N.C.A.".

Should the acceptance of "the Office" by the Objecte Regionales,as set forth above, not be reached then the new "CALC.A." shall continue to be fully owned by the Fre

2) "C.N.C.A." shall continue to be subject to the issue and regulations governing all banking institutions in France

# Ivory & Sime reconstruction package

Ivory & Sime – the Scottish
management company which
runs Britain's third largest
investment trust stable – yesterday unveiled an innovative
reconstruction scheme involvreconstruction scheme involvreconstructio Under the scheme, shareholders in all three trusts will be

reconstruction scheme involving three separate investment trusts, together covering \$2300m-worth of assets.

The reconstruction package will give private investors their first opportunity to put money into a fund where the yield and capital return move directly in line with the FT-A All-Share.

The three trusts involved are All-Share Index over that assets of about £154m; Edinburgh American Assets Trust, worth some £100m; and Japan Assets Trust, at £72m.

while, will enjoy any outper-formance which the managers achieve over the All-Share; their underlying asset value will be the asset value of the new trust minus the appropri-ate provision for capital entitle-ment due to the index stock-

holders.
• Secondly, shareholders can switch into a new open-ended umbrella fund offering a range of iovestment options - in total, 15 sub-funds. The com-pany, to be called Ivory & Sime Atlas Fund, will be incorpo-rated in Luxembourg and listed on both the London and Luxem-bourg stock exchanges. Because the fund is open-ended, the

shares will trade at net easet option of switching to Nippon value. Those shareholders in Atlantic, Edinburgh American, and Japan Assets who wish to cash in their holdings at close to net asset value will, there-fore be able to do so by taking

• Thirdly, Atlantic share-holders can switch to shares in the Independent Investment Company, a venture capital/technology-oriented trust, managed by Hambrecht & Quist, Ivory & Sime. Edinburgh American shareholders can take shares in GBC Capital, a Montreal-based closed end investment company. Japan Assets investors have the the Independent Investment

Assets Investments, a Luxem-bourg-based closed end company. In addition, this option will require shareholders to take some Atlas shares – in respect of at least 10 per cent

Shareholders will be able to combine their elections subject to certain minimum "package" sizes being achieved.

The Ivory & Sime scheme is variant in a string of invest-ment trust reconstructions recently, and is beaten in size only by the Scottish National sation last autumn.

#### Caledonia acquires **25% of ESI**

Caledonia Investments, the investment group controlled by the Cayzer family, has bought a 25 per cent stake in English & Scottish Investors and emphasised its support for moves to retain the company's status as an investment trust.

an investment trust.

Caledonia, until last year the dominant minority shareholder in British & Commonwealth Holdings, bought 25.4 per cent of E&S'e ordinary shares from the Water Authorities Superannuation Fund. This will give Caledonia 24.8 per cent of the voting rights.

voting rights.
The price of the transaction was oot disclosed, but was close to market price. Compared with net asset value of 120p, E&S ordinary shares yesterday lost 5p to 101p and the B shares 4p to 102p, E&S has a market value of about £81.5m.

#### **Atlantic Resources**

Atlantic Resources has acquired AB Exploration, a wholly-owned subsidiary of Associated British Foods, for £3.5m in cash.

#### Flavell makes £4.8m bid for Waverley Cameron

THE BATTLE for Waverley
Cameron took a dramatic new
Cameron with complementary
turn last night when Mr Kevin
Doyle's Flavell Communications launched a 500p cash bid
reversed into the lieted comtions launched a 500p cash bid which values the Scottish stationery manufacturer at £4.8m.

tionery manufacturer at £4.8m.
The bid, announced after
Waverley Cameron shares had
closed unchanged at 443p, will
intensify the fight between
Flavell and Sanda Investments, the company controlled
by Mr James Gulliver, Argyll
Group chairman, to which the
Waverley Cameron board proposes to issue a controlling
stake at 120p a share, a plan
opposed by Mr Doyle.
Earlier yesterday, Flavell
raised its stake to 25.6 per cent.
The Waverley Cameron board is
to meet today.

Under the plan, which depends on Waverley Cameron shareholders rejecting the Sanda plan on February 17, Mr Doyle would become managing director, with his long-time colleague Mr Alister Cunningham as the other executive director. Sir Monty Finniston, former chairman of British Steel, would be non-executive chair-

Flavell is advised by British raised its stake to 25.5 per cent.

The Waverley Cameron board is to meet today.

Mr Doyle said last night that

Travell is advised by British

Linen Bank, Waverley Cameron
by Bell Lawrie, and Sanda by
Mr Gulliver's co-investor, Noble

Grossart.

#### Wintrust lifts profits by 14%

Wintrust, which is principally lovolved in merchant is lifted to 2.25p (2p).

Mr Hichard D. Szpiro, managing director, said the group's strength had not been undermined by the lack of confidence in financial markets since the per cent to 13.57p per 20p

#### **Share Drug Stores talks** with potential bidders

Share Drug Stores, the 145-strong chain of drug etores quoted on the USM, said yesterdoted on the USM, said yester day that discussions ware in progress which could lead to an offer for the company. The shares rose 38p to 290p on the announcement, valuing the announcement, valuing the company at £30.5m. On the ley said that there could be carmings reported for the year to end August 1987 the p/a ratio is 20.4

My Paul Prayriev (inners)

Mr Paul Brearley, finance director, would not dislose the potential bidders yesterday but said that more than one party was involved and tha talks were still at an early stage. He said that discussions might take

a few weeks to complete.

Any offer would have to gain the acceptance of Mr Alan Prince, chairman and managing director, and Mrs Sylvia Prince,

#### Telfos stake

Industrial Securities, the Australian investment company, has sold its 29.9 per cent stake in Telfos, the engineering group. The shares have been placed with clients of Fiske & Co and Douglas le Mare, On news of yesterday's sale, the shares fell 3p to 119p.

a con-executive director, who founded the business and together hold 66.3 per cent of

greater opportunities to grow as part of another company. The move follows the agreed offer from Woolworth Holdings

for Tip Top Drugstores last week. The 110p a share offer valued Tip Top, which has 110 shops, at £12m. Share Drug's statement was seen yesterday by analysts as another example of the turnoil within the drug store sector.

These stores, selling a range these stores, selling a range of over-the-counter medicines, toiletries, beauty aids and household items usually at discounted prices, have been expanding rapidly in recent years. Share Drug's arrival on the USM in October 1984, through a placing at 140p, followed Superdrug's flotation in 1983

Woolworth and other possible buyers would not comment yes-terday on whether they were talking to Share Drug.

# 1987 pre-tax profits up 44%

Record sales and record profits were again achieved in 1987. The very good profit performance was due

by disposals in engineering and housewares. Trading profits at £181.4 million were up 18%;

profits before tax rose by over 44% to £169.7 million as a result of lower interest costs and the absence of factory closure provisions which affected 1986.

#### to excellent results from the tobacco sector and sound growth from optics, distribution and office products. Total non-tobacco activities were, however, reduced

Summ for year ended 31st	n <mark>ary of Res</mark> December 1	
	1987 Laillion	£million
Group Turnover	3,886.7	3,404.7 +14%
Group Trading Profit	181.4	153.3 +18%
Interest Charges	(11.7)	(14.0)-16%
Group Profit before Taxation	169.7	117.4 <del>+44</del> %

#### Tobacco

#### Trading profits increased 29%

Although the consumption of cigarettes in the UK continued to decline, excellent market share growth produced a strong volume gain for Gallaher. Sales of cheap, marginally costed imports were stemmed by the absence of a duty increase.

Cigar sales volume, led by Hamlet, was up and pipe tobaccos achieved a higher share of a rather depressed market.

Overseas tobacco companies had mixed fortunes with Gallaher Dublin well ahead, but Ritmeester affected by lower demand for Dutch cigars and Niemeyer being held back by price cutting in West

#### **Optics**

#### Trading profits increased 24%

In the face of increasing and aggressive competition in the UK. Dolland & Aitchison considerably strengthened its position as the most successful retail Optical Group. The new "Eyeland House" Optical Department Stores continued their development, and the expanded Optical Instrument Division showed good growth.

Overseas, record results were achieved in both Italy and Spain and good progress was made in Switzerland and Ireland.

Since the end of D & A's financial year, three optical groups have been acquired, which complement the existing operations.

#### Distribution

#### Trading profits increased 17%

Record results were achieved by T.M. Group whose drinks vending side has developed particularly successfully. Forbuoys, a leading newsagent and tobacconist group, had the benefits of a full year contribution from N.S.S., acquired during 1986. Together they are the second largest chain of its kind and profits were well ahead.

#### Office Products

#### Trading profits increased 32%

Otrex Group had a record year with all the UK manufacturing operations contributing. Results from Marbig in Australia, acquired during the year, were well ahead of expectations.

#### Housewares

Comparisons with 1986 are distorted by the disposal of the profitable South African and Swedish companies. Adverse exchange rates and UK production problems also affected results. Following topmanagement changes a recovery in profits is in prospect.

#### Engineering

Comparisons are again distorted by disposals. Saunders Valve, FIP and two specialist pump companies were sold during the year. Results from the remaining companies in the Mono Pumps Group were satisfactory.

#### Outlook for 1988

During 1987, the Group took steps to concentrate its portfolio of operations by strengthening its core divisions and disposing of peripheral activities. It enters the new year confident that results will continue their strong upward momentum.

S. G. CAMERON, CHAIRMAN

Gallaher Limited, Members Hill, Brooklands Road, Weybridge, Surrey KT13 0QU Tel: 0932 859777. Telex: 25505.

#### Birmid in attack on 'stagnant' **Blue Circle**

By Michael Smith

THE GLOVES came off yes-terday in the battle for con-trol of Birmid Qualcast when the lawnmower, boller and cooker group launched a flerce attack on its preda-tor's record and motives. Birmid described Rine Cir-cle, which has launched a

strand described sine car-cile, which has launched a \$275m hostile takeover hid for it, as a "stagnant cement company in search of a destiny. It appears to be lackinstre at best and to have questionable pros-merts."

have questionable prospects."
In a letter to shareholders Birmid also described Armitage Shanks, Bine Circle's bathroom equipment subsidiary which would merge with Birmid if the bid succeeds, as an "embarrassing diversification."

Mr David Poole, Bine Circle managing director, countered that Birmid's statement was misleading

statement was misleading and that criticism of his company was not relevant to the bid because the offer was in cash. Bine Circle had an excellent future and

an excellent fature and Armitage had been highly successful.

Lesterday's interchange marked the first time that either company had criticised publicly the strategy of the other.

Eliza Circle marked as

of the other.

Blue Circle yesterday increased its stake in Birmid to 30.9 per cent. Passing the 30 per cent mark is significant; unless Blue Circle had done so by Saturday it would have been prevented, under Takenver Code rules, from buying more shares in the market. Sources close to the com-Sources close to the com-pany said it was milikely now to introduce a shares alternative into its offer.

ancemative into its offer, in yesterday's document, entitled "Birmid Qualcast and Blue Circle: Nothing Fits," Birmid depicts an attempt to fit a rectangular object, with a Birmid logo on the side, into a blue circle.

Birmid says that operating profits at Armitage have fallen each year since 1984 and that overseas operations have been reduced. "Blue Circle's so-called financial and international strengths do not appear to have bene-fited Armitage."

Birmid says its produtor's motives for the bid are "purely defensive an attempt to diversify away from its difficulties in

Armitage's performance has been held back in recent years by problems with its US operation. Mr Poole said Armitage's UK profits had improved 20 per profits had improved 20 per cent compound each year eince Blue Circle, had bought it, "We are talking about Armitage Shanks UK combining with Birmid Qualcast UK. Overseas performance has nothing to do with it."

Mr Poole said Bine Circle had transformed the pros-pects of its UK cement busi-ness since leading the break-up of a market cartel last year. "It has dramati-cally improved efficiency

# Britoil bolsters BP defence with £404m profits forecast

Britail, the independent oil company, yesterday bolstered its defence against an unwelcome takeover bid from BP by issuing a 1987 pre-tax profit forecast at £404m, up from £134m in 1986. A full dividend for the year was forecast at 12p per share.

Mr David Walker, chief executive, said discussions were proceeding with one other company that could be in a position to launch a counterbid for the group. The improved BP bid, at 500p per share, still undervalued the company, he said.

BP holds nearly 30 per cent of Britoil shares, and is set to acquire 24 per cent from Atlantic Richfield. The US group says it intends to accept the BP offer, although it has indicated that it would accept a higher offer if one materialised.

The Britoil mauagement

offer if one materialised.

The Britoil management expressed considerable frustration at the Treasury's refusal to be more specific about how it would use its special share in the company should EP acquire a majority, as seems likely.

Mr Walker and: "We are disappointed (at the Treasury's stance) because it is important stance) because it is important in advising our shareholders to

know how the Government will

The Government technically acquired control over Britoil at the Isunch of the BP bid, and has not said concretely how it

says only that it will discuss its position in the event that a majority holding in Britoil is actually acquired, or is certain

actually acquired, or is certain to be acquired.

Mr Larry Tindale, acting group chairman, said: "We get the worst of possible worlds out of the golden share now."

Britoil believes the existence of the epecial chare had depressed its share price prior to the BP bid and was discouraging possible rival bids for the company that would give share-holders more value.

"There appears to be only one company that is voluntarily willing to take on the British Government," said Mr Walker.

Britoil appeared to be hoping

Government, said for Walter.

Britoil appeared to be hoping
that the Government would
issue assurances that BP would
not be allowed to influence the
Britoil board should it fail to
gain control of 100 per cent of
the company's shares. One company official suggested that
even a cancellation of the speeven a cancellation of the spe-cial share might belp share-holders, since it would encour-age rival bids.

age rival bids.

A valuation of Britoil prepared by Robertson ERC, the independent consultant, which valued the shares at 690p each was defended by Mr Walker. The valuation had been criticised for over-optimistic assumptions on oil prices and the sterling exchange rate.

Mr Walker said the figures used were conservative com-

would use the share to preserve used were conservative com-Britoil's independence, which it pared to those used by oil has vowed to do. The Treasury experts and hankers.

#### Thomas Jourdan acquisition

Thomas Jourdan, diverse manufacturing and marketing good.

company, yesterday announced the proposed £5.78m acquisition of Unerman Holdings, a manufacturer of handles, and a provide £1.66m and issue a further statement of the provide £1.66m and issue a further statement of the provide £1.66m and issue a further statement of the provide £1.66m and issue a further statement of the provide £1.66m and issue a further statement of the provider is the provider of series of transactions to eliminate its cross-holdings with Mary Quant Holdings, fashion products design group.

Jourdan also revealed that trading results for 1987 had been adversely affected by non-recurring component sup-ply problems at its Suncrest

ther 324,000 shares to repay an inter-company debt. It will also buy Unerman's main premises for £1.3m cash. Macpharson will be left with about 21 per

cent of Jourdan's shares. Agreement has also been reached for the sale of Mary Quant Limited to the epony-mous fashion designer, and Mr Surrounds subsidiary. Pros- Isn Lyle, its managing director.

U.S.\$35,000,000 SERIES 24

#### TELEFONOS DE ASA MEXICO, S.A.

(Organised under the laws of the United Mexican States) Six Month Notes Issued in Series

under a

U.S.\$75,000,000

**Note Purchase Facility** 

Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated 5th May, 1982, carry an Interest Rate of 711/16% per annum. The Maturity Date of the above Series of Notes will be 29th July, 1988.

29th January, 1988

Samuel Moutagn & Co. Limited Issue Agent

# NORTHERN ROCK BUILDING SOCIETY

# £50,000,000 Revolving Standby Facility

Arranged by Crédit Lyonnais

Lenders The Mitsui Bank, Limited CL Alexanders Discount p.l.c. CIC-Union Europeenne, International Et Cie

Crédit Lyonnais The Fuji Bank, Ltd. The Mitsubishi Bank, Ltd The Sumitomo Bank, Ltd. The Taivo Kobe Bank, Limited Union Discount Company Ltd Banque Internationale à Luxembourg S.A.

> Agent Crédit Lyonnais

Your Company has had a highly successful year in all respects and this is reflected in the results I am able to present to you. Profit before tax has increased to a record £200.2 million and earnings per share are up at 30.1 pence on an increased

share capital.

The Group belance sheet is strong with shareholders' funds substantially up at £924 million and cash balances at the year end of £313 million. The book value of the Group's assets is considerably below their real worth, and this is one of the reasons for the Lonrho share price reaching record. highs during the year. Your Company's businesses are at varying stages of mannity and there is growth throughout the Group. Lonrho's mused banking facilities and strong cash position give us immediately available funds in excess of one thousand million pounds to support further expansion without recourse to share issues

Many companies contribute to the prosperity of the Group. However, there have been some significant changes this year which I will mention in particular. In October 1986 Lourho entered into. partnership with Mr Robert O Anderson, the creator of Atlantic Richfield, by acquiring six hundred producing oil and



The state of the s

₩EN 00.8A

gas fields in the USA through the Hondo Oil & Gas Company, which we jointly own. Hondo has made a healthy profit under the experienced leadership of Mr Anderson and has been further expanded since the year end by merger with the Californian based Pauley Petroleum Company, listed on the American Stock Exchange.

In February 1987 we bought out our partner in Western Platinum. This year's output was 258,000 ounces of platinum group metals, from very extensive ore reserves. From mid 1989 we expect to mill an additional million tonnes each

year, on the way to doubling production. In April 1987 Ruhrglas AG, which is the largest manufacturer of table glass in West Germany and the fourth largest supplier of container glass, joined the Lonno Group. Ruhrglas is a very old company which nevertheless is highly automated. Shareholders may judge the scale of production by the sales, last year, of over a billion individual pieces.

Early in the year the Directors decided to put your company into a strong liquid position, which is reflected in the balance sheet.

A substantial amount of money has been realised through the disposal of group assets. In June 1987 we were approached with an offer for the United Kingdom casino interests of £128 million. The sale was concluded in July. Simultaneously Lombo agreed to sell News (UK) to News International for £33 million.

Further funds came through the successful listing of 20 million shares on the Tokyo Stock Exchange. The offer was fully subscribed and will provide us with a presence in the Far East from which we can expand. I should also like to welcome our new Japanese shareholders. We also raised a further £60 million through a 4.5% convertible bond in August.

Sterling has appreciated this year against all the currencies of the countries in which the Group operates. Despite this our overseas subsidiaries, and particularly those in Africa, have generally traded well. Precious metal prices have been favourable, bringing increased contributions from the

Group's mining companies.
There are 124,000 people working for Lourho throughout the world. One of them was my oldest and best friend, Alan Ball, who this year gave up his brave struggle with illness. He was a Director of Lonrho since 1951, and Chairman for many years.

We miss him. He did so much for Lonrho. Lord Duncan-Sandys died in November. He honoured our Company by serving as Chairman for twelve years, and later as President. He was a marvellous colleague who was always interested and active on the Company's behalf.

Foremost among the capable and kind, George Cappendell made his entire career in the Ashanti Goldfield. He died in the Spring of last year. He was honoured by the Ghana Government and, with unique distinction, appointed to a Chiefdom. Shareholders will share the Board's feeling that we are lucky in enjoying the company and the abilities of men like George Cappendell.

I know you would wish to join the Board

in thanking all the many people who are employed by Lourho for their initiative and hard work which have contributed to the strength of the Company. Lonrho is soundly based and looks forward to further progress, and this year's results. justify an increased dividend and a one for



# Lonrho's results justify an increased dividend and a one for six bonus issue

R W Rowland, Chief Executive

The following is taken from the Review of Operations for the year ended 30 September 1987: MINING AND REFINING

Car mining division had a very successful and profitable year as a result of increased production, firmer precious metal prices and well controlled operating

We have increased the production of platinum group metals for the tenth success ive year to 258,000 ounces and remain the lowest cost producer in the industry.

Group gold production also increased ubstantially to 442,000 ounces. Output from our Zimbabwean mines reached. another all time high but the largest gain came from Ashami

Small-scale production began at the Erideel mine and output is planned to increase rapidly over the next few years to a level of over 400,000 ounces a year. We hold a 36% interest in this important in-vestment with most of the balance held by the Anglo-American group of companies.

Coal sales also reached a record level of

3.5 million tonnes but profits were affected by lower dollar prices. The Group also produces asbestos and anthracite. A joint venture with the Government of. Zambia to promote the mining and marketing of amethysts was agreed this

#### **AGRICULTURE**

Lonrho is Africa's largest food producing company. Ranching and crop cultivation are spread over a million and a half acres. The total herd is 125 thousand head.

The results of the Group's seven sugar estates were, once again, at record levels with significant contributions from Swaziland and



in Kenya performed well. In Malawi, tea yields were down due to selow average rainfall andrea prices also fell throughout the year. 5 million kilos were produced.

In Mozambique the Group, in partner-ship with Government, now employs over 3,000 people on its four estates growing food for local markets. Cotton lint was

exported for the first time.
The Group's tea estates in Tanzania were expanded during the year by the acquisition of the Luponde Tea Estates.

Kalangwa Estates in Zambia improved the yields and performance of its dairy herd and obtained exceptionally good results from livestock and irrigated crops.

The Wattle Company in Zimbabwe sold its coffee crop early in the year which yielded high prices. Hondo's ranches, which were acquired as part of our partnership with Mr Robert O Anderson, have over 600,000 acres of land in New Mexico and



#### **HOTELS AND CASINOS**

The results of the Princess Group were considerably improved compared to last year. All hotels in Bahamas, Bermuda

and Mexico reported increased

occupancy and room rates. In the Bahamas, increases in occupancy



In December the new 525 room Scottsdale Princess in Phoenix Arizona

was opened. This is our first new hotel in the United States.

In the United Kingdom the Metropole Hotel Group has reported record profits for the second consecutive year. The programme of upgrading facilities has continued in each hotel with both bedrooms and public areas being refurbished.

Planning permission has been obtained for a major new extension to the London Metropole with conference facilities.

The Metropole Hotel Group continues to be the leading exhibition and conference

group io the country.
In Kenya the tourist industry had a boom year and all our hotels achieved record occupancy. In particular, the Mount Kenya Safari Club achieved a year round occupancy rate in excess of 85 % and the Ark Lodge in excess of 81%.

#### MOTOR DISTRIBUTION

V-A-G (UK)'s performance is an all time record in terms of sales and pre-tax profit exceeding last year's record levels. They sold 120,000 units, remaining Minsubishi, Toyota, Peugeot, Audi, Volkswagen, Massey Ferguson, General Motors, Rover Group and several other manufacturers.

#### PRINTING AND **PUBLISHING**

The significant circulation gains achieved by The Observer last year were consolidated

Printing of The Observer at the St Andrew's Hill plant ceased in March and a more economic system of contract printing involving five regional printing centres began.

In Scotland, both George Outram and Scottish and Universal Newspapers maintained their pre-eminent positions



	1987	1986
Turnover	£3,014m	£2,651m
Profit before tax	£200.2m	£165.1m
Profit attributable to shareholders	£104.2m	£76.5m
Earnings per share	30.1p	23.2p
Dividends per share	13.0p	10.9p
Cash balances	£313m	£220m

Earnings and dividends per share for 1986 have been adjusted for the capitalisation issue in 1987. The seventy-ninth Annual General Meeting of Lonrho Plc will be held at the Great Room, Grosvenor House, Park Lane, London, W.I. on Friday, 25th March, 1988 at 11.30 a.m.



importer of European cars into the United Kingdom.

Dutton-Forshaw Motors now has a

healthy spread of franchises with dependence on any one particular franchise having been considerably

Jack Barclay, in their Diamond Jubilee Year, re-confirmed their pre-eminence as the world's largest and most prestigious Rolls Royce dealer.

The results of Dutton-Forshaw Machinery have improved substantially despite the continuing recession in the agricultural machinery industry.

SEAT Concessionaires (UK) continued to expand as the fastest growing new car franchise in the United Kingdom. Vehicle sales in the year increased by no less than 57.7% compared to 1986.

The Motor Mart Group in Kenya sold over 3,000 units in the year with Toyota and Massey Ferguson tractors achieving 20% and 41% of their respective markets.

In Uganda, under a cotton barter deal, trucks, tractors and implements were sold

to the Government of Uganda. Lonrho continues to be one of the largest distributors of motor vehicles in Africa with agencies for Mercedes Benz,

Hand engraving bank nose plates Harrisons, High Wycombe.

within the daily and weekly newspaper

Herald and the Evening Times the benefits of the most modern production

The highlight of a year of high activity

at Harrison & Son was the construction of

Greenaway Harrison is expanding into

Harrison Decorative Papers' second year's trading has continued to show most

their new high security area which will

open up the new and exciting currency

markets. The £22-5 million Outram

development will give the Glasgow

equipment in Europe.

other areas of business

encouraging results,



#### OIL AND GAS

Hondo Oil & Gas, our joint venture with Mr Robert O Anderson, has traded profitably in its first year. Hondo has interests in petroleum leases totalling

nearly one million acres.
Since its start up in 1987 Hondo has produced in excess of 2 million barrels of oil and 10 billion cubic feet of gas from its 600 producing fields. It has also participated in more than 30 new wells, all of which have proved to be successful.

Hondo has recently merged with the publicly listed Pauley Petroleum. This will leave Lonrho's joint venture with an 80% interest in the merged company, which will continue to be listed on the American Stock Exchange.

#### **ENGINEERING**

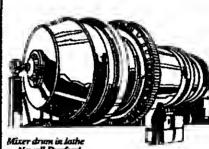
The Firsteel Group has enjoyed another successful year with profits much improved over those in 1986. All the companies within the Steel

Division experienced buoyant trading conditions with Firsteel Metal Products achieving another record year.

Within the Engineering Division, Charles Roberts Engineering is now showing positive results with a good order book established for next year. Following a major reorganisation within the Newell Dunford Group, the company will move into the new trading year with a vastly improved order book.

Ruhrglas manufactures glass containers and tableware for local sale and export, over one billion items of which are sold annually.

W Dahmer and Co in Zimbabwe had a very good year with sales of AVM trucks and AVM buses.



In Zambia, the President of the Republic opened the cotton ginnery in Mumbwa which was completed by the Group's construction company, Delkins.

#### WINES AND SPIRITS

In France, the reputation of the Group's classified wines continues to rise in response to our insistence on the highest standards of viticulture and equipment, giving an increase in the value of our vineyards over the years.



A range of blended and malt Scotch whiskies from Whyte & Mackay — Scotland,

Despite intense competition, sales of Whyte & Mackay Whisky have significantly increased in the year. The Company has integrated the ten brands acquired in May 1986 into its operations and advances have been made

on sales of all the key brands. Whyte & Mackay is the second largest brand owning Company in the United Kingdom Scotch Whisky market.

In Malawi the Group's four breweries had a good year producing over 50 million litres of beer. Elsewhere the Group continues to operate a further 19 breweries in partnership with African governments and municipalities.

In Zambia the Coca-Cola bottling company has been affected by restrictions on imported concentrate.



#### TEXTILES

At Lonrho Textiles new designs and products were introduced into all ranges. Brentfords have opened ten shops and upgraded eight more. Accord has had a good year, with sales rising dramatically. Demand from retail groups for 'Own Brand' products has increased tremendously. The company started a £36 million programme of re-equipment of the

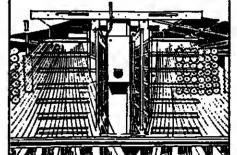
factory in the year.

Consolidated Textiles, the leading Zimbabwe blanket manufacturer, was acquired by the Group in partnership with Zanu (PF) in the latter half of the

David Whitehead Textiles (Zimbabwe) had another good year and has now established itself in the world's textile market as a reliable and high quality textile manufacturer.

David Whitehead Malawi substantially improved profitability in the year and better prices were obtained from

The Group's new cotton ginnery at Mumbwa in Zambia had a successful year ginning 10,000 tonnes of seed.

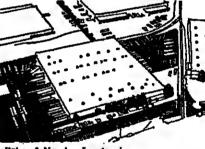


#### FREIGHT

Kühne & Nagel's overall performance in 1987 was good, although it was affected by the continuing devaluation of the US Dollar and a general decrease in margins in the industry.

The Kühne & Nagel Western Hemisphere Group performed extremely well. Having established new offices in four cities during the year, the Kühne & Nagel Organisation in the United States is now represented in 26 cities. Domestie Air-cargo activities have also increased.

The Kühne & Nagel Air Express Service was also initiated in Europe in April 1987 and is progressing well. In the Far East Kühne & Nagel is showing an above-average growth and



results in most of the countries in South East Asia are excellent.

#### **FINANCE AND** GENERAL TRADE

Baumann Hinde, the Group's cotton merchanting company, again traded well during a period when world cotton prices staged a dramatie recovery from previous levels.

The P.J.H. Group further established itself as the leader in the distribution of kitchen and bathroom equipment with turnover at £55 million.

The Group's insurance division, F E Wright, has continued its steady progress during the year, with the London operations being most

Kühne & Nagel's London insurance broking activities were restructured and centralised through the Wright Nacora joint venture.

A programme of selective purchases by the Group's property companies has continued and attractive commercial shop and office complexes have been acquired.

The acquisition of the freehold of Lonrho's headquarters, situated in a prime location in Cheapside, has great potential. The freehold premises at 45 Park Lane were sold in July at a considerable profit.

Lonrho represents substantial

American aircraft manufacturers including Beechcraft and Boeing, in a number of countries in Africa. Turnpan Zambia played an important role in successfully fulfilling their obligations to the Zambian mining



The text is taken from the Chief Executive's nt and Review of Operations statement and steview of Operations contained in the Report and Accounts for the year ended 30 September, 1987 which will be published in late February. Copies will be available from the Secretary, Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL.

Tobacco

Gallaher

to £170m

A SHARPLY higher contri-bution from its tobacco interests enabled Gailaher to lift its profits from

£117.4m to a record £169.7m pre-tax for the

1967 year. The overall result also

benefited from the absence of exceptional provisions, which adversely affected

**boosts** 

#### UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

TEXACO INC..
TEXACO CAPITAL INC..
TEXACO CAPITAL N.V..

Chapter 11 Case 87 B 291 (2) (115) 97 R 20115 (115) 97 B 20111 (115)

NOTICE OF BAR DATE FOR THE **FILING OF PROOFS OF CLAIM** 

#### TO ALL CREDITORS, INDENTURE TRUSTEES, FISCAL AGENTS AND PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN that

NOTICE IS HEREBY GIVEN that

1. Pursuant to an Order of the Court the "Bar Order", and in accordance with Bankruptcy Rule 3013(c). March 15, 1988 is fixed as the last day Ithe "Bar Date") by which certain creditors of the above-named Debtors who have not already lifed proofs of claim against any of the Debtors.

2. EXCEPT AS PROVIGED IN PARAGRAPH "3" HEREOF. ANY CLAIM AGAINST THE ABOVE. NAMEO DEBTORS THAT IS NOT FILEO IN ACCOROANCE WITH THE BAR ORORE ON OR BEFORE MARCH 15, 1998, SHALL BE POREVER BARRED AND THE DEBTORS AND THEIR ESTATES SHALL BE FOREVER DESCHARGEO FROM ANY AND ALL INOEBTEORESS OR LIABILITY TO THE HOLOGROF THE CLAIM, HOLDERS OF SUCH BARRED CLAIMS SHALL BE FOREVER ON OR STRIBUTION IN THESE CHAPTER 11 CASES.

3. THE FOLLOWING CREDITORS NIED NOT FILE PROOFS OF CLAIM AT THIS TIME. (A) Pennosil Company: (B) any holder of a promissor after or a debenture such or guaranteed by any of the Debtors; (C) the Onited States Department of Energy with respect to any claims against Texaco arising under the Economic Stabilization Act of 1970, as amended, This 12, United States Code. Section 1943 et seq., and the Emergency Petroleum Allocation Act of 1973, Trife 15, United States Code. Section 754(a) seq., and the Emergency Petroleum Allocation Act of 1973, Trife 15, United States Code. Section 754(a) is seq., and the Emergency Petroleum Allocation Act of 1973, as amended. This 12, United States Code. Section 754(a) is seq., the rules and resultations of the United States Department of Energy or any related lexishation, rules or regulations: 1D) any creditor whose claim is listed in the schedules of the Debtors filed with this Court on or about September 8, 1987 for any amendments to such schedules of the Debtors filed with this court on or about September 8, 1987 for any amendments to such schedules (i) the Debtors filed with this court on or about September 8, 1987 for any amendments to such schedules (i) the Debtors filed with this court on or about September 8, 1987 for any amendments to such schedules (i) the

1988.

5. ANY CREDITOR WHO HAS ALREADY FILEO A PROOF OF CLAIM NEED NOT FILE A DUPLICATE PROOF OF CLAIM.

6. In the event rhe Debtors amend their Schedules subsequent to the date of this notice to reduce of reclassify as "contingent", "unliquidated" or "disputed", any claimful. the Debtors shall give notice of such amendment to the holders of the claims affected thereby, which holders shall be afforded en extension of 30 days from the date on which such notice is given to file a proof of claim, if necessary, or be forever harred from date on.

days from the date on which such notice is given to life a proof of claim. If necessary, or re-lorever rurred from doing so.

7. EXCEPT AS PROVIDED IN PARAGRAPH "I" HEREOF, THE PROVISIONS OF THIS BAR ORDER APPLY TO ALL CLAIMS OF WHATEVER CHARACTER OR NATURE AGAINST THE DEBTORS OR THEIR PROPERTY. WHETHER SECURED OR UNSECURED, LIQUIDATED OR UNLIQUIDATED. FIXED OR CONTINGENT.

8. STOCK HOLOERS WHOSE ONLY CLAIM IS A CLAIM OF OWNERSHIP OF SHARES OF STOCK HOLOERS WHOSE ONLY CLAIM IS A CLAIM OF OWNERSHIP OF SHARES OF STOCK HOLOERS WHOSE ONLY CLAIM IS A CLAIM OF OWNERSHIP OF SHARES OF STOCK OF TEXACO INC. NEED NOT FILE PROOPS OF INTEREST AT THIS TIME.

9. The Debtor's Schedules of claims may be examined and inspected by interested parties in the office of the Bankrupkey Clerk, Room 10, the United States Courthouse. 101 East Post Road. White Plants, New York, during regular court hours,

BY OROER OF THE COURT BY OROER OF THE COURT

Dated: White Plains, New York January 26, 1988

#### **UK COMPANY NEWS**

# Better margins give Dale a boost

Dale Electric, the generator set manufacturer which last year fended off a hostile takeover bid from Sunleigh Elec-tronics, yesterday reported an 80 per cent rise in interim pre-tax profits and growth of almost 50 per cent in earnings

The company attributed the including a reduction in working capital, improved trading, a would also be achieved in the
recovery in Mexico and reduced second half.

For the half year to November 1, Dale made pre-tax profits of \$861,000 (\$479,000) on turnover of \$19.5m (\$19.7m). Earnings per share were 4.32p (2.93p) and the interim dividend is lifted to 1.75p (1.5p).

Mr Iain Dale, chief executive, said the same sort of growth was not expected in the second was not expected in the second half because a large Middle East order had been delayed by two months. But the year as a whole would be "demonstrably higher than last year."

Associated **Fisheries** 

38% higher

The improved margins – up from 2.4 per cent to 4.4 per cent – reflect the company's decision to be more selective about the orders it takes. "We are concentrating on profits rather than turnover," said Mr Chris Carlo Surgeon directors. Chris Coole, finance director.

Margins were also helped by cutting £750,000 from the

Borrowings were further reduced by proceeds from divestments and interest fell from \$674,000 to \$500,000.

Gearing is about 50 per cent.

Mexico showed a "reasonable turnround" from last year, when it made losses, but Mr Dale said he expected next year to be less good. Thailand was just below break-even but "should move into profit in the

Dale yesterday justified the market's support for it against Sunleigh and the company promised more. Order books are up from £17m last year to about £19.5m and the quality of contracts, both geographically and technically, is improving. Margins will grow further as the company feels the benefit of transferring production would also be achieved in the second half.

Borrowings were further reduced by proceeds from divestments and interest fell from £674,000 to £500,000. Gearing is about 50 per cent.

Mexico showed a "reasonable turnround" from last year, when it made losses, but Mr Dale said he expected next year to be less good. Thailand was just below break-even but "should move into profit in the early part of next year."

An extraordinary charge of £116,000 was the cost of defending against the Sunleigh



Iain Dale - year would be "demonstrably" higher.

able exposure to the Middle East and Latin America and which has, over the years, pro-duced a fair number of unpleas-

which adversely affected profits of the previous year, and sound growth from opties, distribution (which took in a full year's take from NSS Newsagents, acquired in the second haif of 1986), and office prodwats.
The results of Gallaher's other activities were dis-torted by disposals.

torted by disposals.
Group turnover for 1987
rose by £482m to £3.87bn.
excluding VAT, and at the
trading level profits shower
an improvement of £28.1;
at £181.4m.
A divisional breakdown
the trading figures sho
tobacco £139.9m (£107.9i.
optics £13.7m (£11m), di.
tribution £14.6m (£12.5m)
office products £7.8m

tribution \$14.6m (\$12.5m) office products \$7.8m (\$5.9m), housewares \$1.7m (\$6.4m) and engineering \$4m (\$10.3m). Explaining the advance by the tobacco side the directors said that although consumption of cigarettes in the UK continued to decline, excellent market share growth produced a

share growth produced a strong volume gain for Gal-laher.

Gallaher is ultimately owned by American Brands of the US.

# Globe Inv. profits advance

Globe Investment Trust
expects to be quoted on the final rokyo Stock Exchange in early February and has plans to issue a convertible debt security especially designed for the Japanese market.

An interim dividend of 1.52p against 196.64p and interim dividend of 1.52p anese market.

Mr Hardy said the expected quotation on the Tokyo Stock Exchange came after detailed submission to the exchange and the Japanese Ministry of Finance. Prior to the issue of 1.38p) was paid on Jannary 6.

1987 Associated Fisheries raised pre-tax profits by 38 per cent to £5.69m. Turnover grew by £6.9m to £103.53m. In the nine months to the end of December, Globe, Britain's

An interim dividend of 1.52p (1.38p) was paid on January 6. Mr David Hardy, chairman, said there was still much financial uncertainty both in currencies and shares following the fall in markets last October. Therefore Globe would be cautious about the timing of the reinvestment of its available cash although the difficult conditions had already produced a number of attractive opportuni-An increased final dividend of 4p (3.5p) raises the total by 25 per cent to 5p.

A tax credit of £1.41m (£990,000 debit), included £3m released from the deferred provision. Earnings per share were 40.42p (17.63p). There was an extraordinary credit of £1.5p on December 31, a feet and shares following the fall in markets last October. Therefore Globe would be cautious about the timing of the cash although the difficult conditions had already produced a number of attractive opportunities.

Globe hoped to attract many more shareholders and accordingly further reduce the dis-count of the price of its shares against the asset value.

Over the nine-month period group income increased to \$34.38m (\$28.8m) and pre-tax revenue to £25.49m (£23.19m). Net revenue amounted to £18m (£16.16m).

#### Haynes Publishing well ahead at six months

of investment costs. A recovery in the second half resulted in

Haynes Pablishing Group doubled pre-tax profits from \$732,000 to \$1.45m for the six months to end-November 1987 and the group expects to keep up product and market share growth in the second half.

Turnover for the group, whose main business is car and motor cycle manual publishing, rose from \$6.31m to \$6.83m and earnings per 20p share increased 94 per cent to \$13.24p after tax of \$2538,000 (\$251,000). As forecast, the interim dividend goes up 40 per cent to 7p.

The fall in the previous interim period to \$732,000 pre, tax was due to the writing off of investment costs. A recovery in the second half resulted in

in the second half resulted in year-end pre-tax profits of £1.88m (£1.56m) and carnings of 23p (19p).

Reviewing the latest results, Mr John Haynes, chairman,

Border TV up sharply

Border Television, USMlisted television programme from an adjusted 3.1p to 2.55p.
contractor, reported strong while the interim dividend growth with a 60 per cent increased to 0.65p (0.6p). increase in pre-tax profits for the half-year to October 31 1987. They rose from £252,000 to £404,000 on turnover ap from £5.06m to £5.77m. The directors said that programme development had forged ahead, contributing £1.13m to turn-

increased to 0.65p (0.6p).
The directors warned that advertising market share con-timed to be under threat from Southern-based contractors, but that an increase of 8.5 per cent in advertising revenue over the first half of 1987 indicated advertisers' commitment to the

#### Park Food expects rise

For the current year the Park Food Group, supplier of Christ-mas hampers, is forecasting an increase in profit over the £2.62m achieved in the year ended March 31 1987. Looking beyond that, fuller benefits should come from the costly rationalisation and development work carried out. development work carried out, said Mr Peter Sherlock, the chairman.

chairman.

In the six months ended September 30 1987 the group incurred its traditional loss, but reduced it from £2.26m to £2.09m as turnover moved ahead to £15.75m (£9.73m). The interim dividend is 1.7p (1.55p).

Mr Sherlock said rationalisation and development work had produced more efficient husinesses and potential for sales.

Interim dividend is maintained at 1.3p.

Mr A.E.C. Stote, chairman, said that as in previous years, a greater proportion of profits would fall in the second half. It was still too early to predict the outcome of the year.

After adjunting for sales attributable to the truck operation discontinued in March, sales for the half-year showed

#### BTS static in first half

Border area.

Profits were little changed at the BTS Group, USM-quoted vehicle parts maker, in the six months to end-September 1987. months to end-September 1987. The taxable result edged ahead from £106,000 to £107,000 on turnover up 21 per cent from \$4.12m to \$4.99m.

\$4.12m to \$4.99m.

After an unchanged tax charge of \$53,7000, earnings per share rose 0.02p to 1.36p. The interim dividend is maintained at 1.3p.

Mr A.E.C. Stote, chairman, said that as in previous years, a greater proportion of profits would fall in the second half. It was still too early to predict the

#### **BOARD MEETINGS**

#### **MITSUI FINANCE** ASIA LIMITED

(Incorporated in the Cayman Islands)

#### US\$150,000,000 Guaranteed Floating-Rate Notes 1997 In accordance with the provisions of the Notes,

notice is hereby given that for the three month period, 28th January, 1988 to but excluding 28th April, 1988 the Notes will carry an interest Rate of 7:1/1% per annum. Coupon will be US\$186.42 on the Notes of US\$10,000.

Mitsui Finance Trust International Limited Agent Bank



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NET ASSETS AT 31 DECEMBER 1987

ATTRIBUTABLE PROFITS FOR THE NINE MONTHS TO 31 DECEMBER 1987 £18 MILLION

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#### **UK COMPANY NEWS**

# Emess in £30m US lamps deal

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7.

Harry News In

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Date set for health group float By Philip Coggan

AMI Healthcare Group, the UK subsidiary of US private health group American Medical International, is likely to be capitalised at a figure close to \$200m when it is floated on the stock market in February.

Full details of the float were not released yesterday but it was announced that the proceeds of the issue would be

was announced that the proceeds of the issue would be used to pay off some \$100m (£56.2m) of debt to the parent company and that some 25-35 per cent of the equity would be on offer. That suggests a capitalisation in the range of £161m to £225m; US analysts have already valued the company at around £200m.

The flotation, which will involve an offer of shares to the public, is likely to be the largest UK new issue since Black Monday, excluding the

Black Monday, excluding the example of Eurotunnel, which had set its plans in train well before October 19. London Forfaiting, the trade finance group, is expected to raise around £40m via a USM float next month.

month.

In the year to October 31, the UK operation made a profit before interest and tax of £16.80 on turnover of £94.1m. The company was not prepared to relase the pre-tax figure until the prospectus is pre-

pared.
AMI Heathcare operates thirteen acute and three psychiat-rie hospitals in the UK.

#### Ace Belmont International pic

SUMMARY OF RESULTS FOR THE YEAR ENDED 31st AUGUST 1987

Turnover	1987 £000's 50,733	1986 £000's 42,261
Profit before taxation Taxstion	2,837 ( 929)	1,293 ( 464)
Profit before taxation Extraordinary items	1,908 ( 124)	829 1,193
Preference dividend	1,784 ( 209)	2,022 ( 209)
Profit retained	1,575	1,813

SUMMARY FROM THE REVIEW OF THE CHAIRMAN, MARTIN SHAW, LL.B.

Pre-tax profits more than doubled. Turnover exceeded £50 million for the first time. Earnings per share 80.90p (1986 29.51p). Market shere in caravan manufacture increased.

Strong foundations laid for future growth.

COLONIAL HOUSE, SWINEMOOR LANE, BEVERLEY, NORTH HUMBERSIDE

# London Investment raising £21.5m for expansion

#### Fitch Lovell gets ready for further development

continued progress was shown by Fitch Lovell in the half year ended October 25 1987. The food manufacturer and distributor, lifted sales by 21 per cent to £265.24m and pre-tax profit by 19 per cent, from £10.41m to £12.4m.

Actual net earnings were 11.03p (10.11p) and fully taxed 10.1p (9.01p). The interim dividend is raised to 4p (3.8p); as an alternative shares can be taken but 0.1p per share must

cisi paper programme.

In the half year the distribution with around two-thirds of the

In the half year the distribution division raised profit division's turnover increase. Before interest to £6.15m The food sector's obvious (£3.5m), or by 87 per cent. defensive qualities - and Fitch's Underlying organic growth was 35 per cent and the division represented half of the group sales value, while full benefit of rationalisation and integration would come in 1988-89.

Overall performance of the

Actual net earnings were 11.03p (10.11p) and fully taxed 10.1p (9.01p). The interim dividend is raised to 4p (3.8p); as an alternative shares can be taken but 0.1p per share must be in cash.

The directors said the group was well placed for further expansion and profitable growth and financial arrange; ments were being made to support plans for development by capital investment and acquisition.

Negotiations were advanced to arrange a \$50m committed to pass on to the retailers. The other division, distribution, is benefiting from the increasing tendency of the British to eat out. Higher orders from the catering industry quickly pass through to Fitch's bottom line and acquisitions chipped in with around two-things of the and acquisitions chipped in

#### Disposal boosts J Webb midway

Interim pre-tax profits at Joseph Webb were boosted mainly by a large contribution from the disposal of its Hopton-on-Sea holiday village in Norfolk amounting to £636,000.

The taxable result in the six months to end-September 1987 rose from £178,000 to £752,000 on turnover down to £3.05m against £3.25m previously. The contribution from the group's other holiday interests fell to £236,000 (£299,000).

Mr Joseph Webb, chairman, said the holiday trading results

Were disappointing, due partly to another poor summer. Caravan sales had a slower build-up than expected but trends in the holiday industry were being watched.

Net rental income from the property investment portfolio increased to £146,000 (£132,000) and continued to show steady growth. The interim dividend stays at 0.1313p. Earnings per 5p share were put at 2.7p (0.5p).

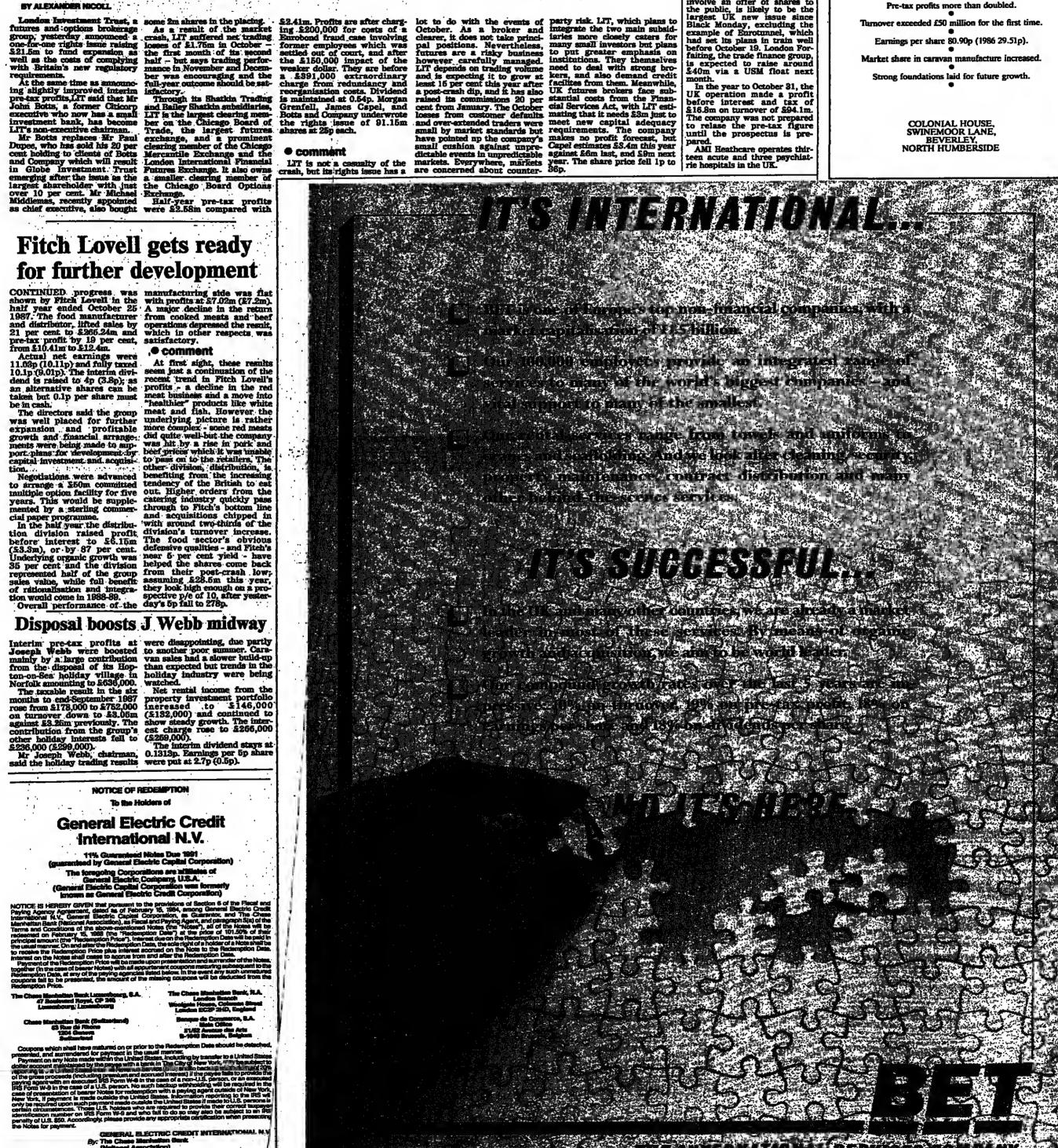
NOTICE OF REDEMPTION

#### **General Electric Credit** International N.V.

The foregoing Corporations are militates of General Electric Company, U.S.A. eneral Electric Capital Corporation was formations as General Electric Credit Corporation

s Fiecal and Paying Agent

Dated: January 15, 1966



# UK pig farmers demand fair deal

BY BRIDGET BLOOM, AGRICULTURE CORRESPONDENT

SEVERAL HUNDRED UK pig farmers yesterday gave vocifer-ous backing to a demand by Mr Simon Gourley, President of the National Farmers' Union, that the British Government and the European Commission take immediate action to correct the current "disastrous market situ-ation" in the UH pig industry.

The farmers, specially mustered in Lindon from the four corners of the country, crowded into a steamy Central Hall, Westminster, instead of the smaller Council shamber of the NFU in Manthishnidse which NFU in Mnightsbridge which had been their intended meet-

ing place.
Later, in one of the biggest loboying operations mounted by the NFU in recent years, they thugged across a rainy Parliament Square to looby

Parliament square to loopy their MPs.

The NFU maintains that pig prices are at their lowest levels for five years, with margins having fallen over the last three months to give average losses of SS per pig.

sulprit for this state of affsirs is the European Community's complex system of border taxes, known as monetary compensatory amounts or MCAs.

The system is intended to even out imbalances in intra-Community farm trade, but it is

currently making it possible for 40 per cent of all meat con-Durch and Danish producers to sumed in the EC - has little undercut their British counter-parts by as much as £70 a open-ended price guarantees tonne on bacon and £50 a tonne on fresh pork,

fif we were French we'd be dumping our pigmeat in the sea, we're in such a bad way." a bacon factory chairman from Cornwall told the farmers'

They called for urgent action on three fronts; abolition of the MCAs for pigmeat this year, rather than in 1992 as the Com-

it claims that the principal subsidies to make it easier for Britain's favour. EC producers to sell in North America: and aid for private storage to enable surplus pig-ment to be taken temporarily

> Mr Gourlay noted that within the common agricultural policy, pigment - which accounts for and no buying-up of surplus stocks into public intervention stores, the principal protection being afforded by tariffs and export subsidies.

we're in such a bad way." a baton factory chairman from Cornwall told the farmers' meeting, to huge applause.

Mr Gourlay later led a delegation of farmers and NFU officials to meet Mr John MacGregor, the Minister of Agriculture. They called for urgent action on three fronts: abolition of the MCAs for pigmeat this year, rather than in 1992 as the Commission plans: increased export

The most that can probably be hoped for at the moment, according to officials, is that according to officials, is that the Brusselo committee on pigmeat, which by coincidence meets today, will agree to pay for more pigmeat to go in temporary private storage.

Yesterday's lobbying in Whitehall and Westminster was thus something of an exercise the something of an exercise in collective frustration with provided but at a substantially and westminsters.

in collective frustration, with period, but at a substantially several pig farmers blaming the NFU itself for giving them less, in terms of EC subsides, than tance in search for better the cereal or sheep farmers got, while others blamed retailers for currently paying the farmer less and charging the consumer

Not surprisingly, no one men-tioned the possibility that the Dutch and the Danes might have developed a more efficient industry than the British, even if that has been done partly through the use of such feeding stuffs as manioc, imported cheaply (amid British criticism) from the third world.

## and Japan close to oil deal

Kuwait

The volume involved in prospective shipments is expected to be 130,000 barrels a day, compared with a level of 235,000 b/d this month, idem-itsu, hitherto the biggest refiner of Kuwaiti crude as an end-user (accounting for about 120,000 b/d), has made it clear that it no longer wants any

more. Kuwait has been offering Japanese customers its crude oil, which is officially priced at \$16.67, at a market-related rate based on the average between the Dubai and Oman spot rates, less 50 cents for cargoes lifted from the state's Al Ahmadi ter-minal, or 30 cents If transhlp-ped at Khor Fakkan on the Ara-bian Sea coast of the United Arab Emirates.

Effectively the terms offered involve a "discounts" in the range of of \$1.50-1.80.

Saudi Arabia, meanwhile, is still refusing to give preferen-tial pricing terms to Japanese buyers of the kind accorded to Exxon, Chevron, Texaco and Mobil, as well as to Ashland and Marathon for single cargoes lifted from storage in the Carribeen. Mitsubishi and Kyodo Oil are likely to cut their orders by 40 to 50 per cent, according to the latest edition of the Middle East Economic

## Row looms development

to erupt over the Norwegian Oil Minister's decision yesterday to approve Saga Petroleum's NKr30bn North Sea Snorre oil

some oil and gas field develop-ments that can withstand oil prices as low as \$10.

tract so that it can see how the copra contract develops first. Market officials believe there are not enough independent traders of coconut oil in the

> beans futures contracts, compared with \$7.8m in 1987. Mr Uisdein McInnes, the market chairman, said the sugar

There are hundreds of copra

# New York exchange plans to launch diamond futures

BY DEBORAH HARGREAVES IN CHICAGO

NEW YORK'S Commodity Exchange (Comex) is planning the launch of a diamond futures contract in spite of opposition from the diamond trade. The exchange, which has not yet filed for regulatory approval for the contract, says diamond futures could be up

and running within a year.

In a bid to gauge the reactions of the trade, Comex sent out some 350 prospectuses to diamond dealers last week.

However, the chusive diamond trade, wary of losing its control over priging objects transfer to over pricing, objects strongly to the use of diamonds as an

investment commodity.

Although the contract is structured to allow for some variation between the stones. diamond dealers stress that no two diamonds are the same and

ment in diamonds are outlined in a new Economist Publica-

is its price,

BY KENNETH GOODING, MINING CORRESPONDENT

round, brilliant-cut stones of certaio colour and clarity and at least 1.01 carat. It allows for a variation of op to 1.2 carat, stressing that diamonds will be re-checked at the point of delivery, either by a member of the industry association or a Comex gen expert.

The contract is being developed in conjunction with Mr

gem expert.

The contract is being developed in conjunction with Mr Martin Rapoport, a diamond broker, who, for the last ten years, has irritated the diamond trade by sublishing a mond trade by publishing a weekly newsletter of dismood

Mr Rapoport, who sees no reason why diamonds can't be traded like other precious com-

Report warns investors of pitfalls

cannot be lumped into one purchase in this way.

The proposed futures contract specifies delivery of 10 process to volatile by encourage.

tried to solicit the trade's reac-tion before filing the contract with the Commodity Futures

Trading Commission. A previous proposal to trade diamond futures in conjunction with an Antwerp dealer was considered in London several years ago. But it never got off the ground.

### Bismuth price rises sharply

Sy Kenneth Gooding, Mining Carrectondon:

Sismitth's free market price yesterday reached the highest level since May 1935 and has jumped by 85 cents a lo so far this week to 85.35.

This compares with \$2.10 a lb a year ago and the low point of \$1.20 reached in 1982 which account of the second subsection are designed.

caused substantial production cut-backs.

Newer applications have increased demand for blamuth, traditionally used by the pharmaceutical and chemical indus-

tries.
The metal is now increasingly used to improve the machinea-bility of steel. And its use in electronic equipment by the Japanese has also grown at such a pace that exports of the metal from Japan - once substantial - have slowed to a

trickle.
Mr Doug Hunter of London-based minor metals trader Wosen Resources said the fun-damentals for bismuth had been good for the past eight months but it was only recently that the meral came into favour pith endors

with traders. Dr David Wilson, senior economist at the Canadian Pulp and Paper Association. He also partly caused by the strength in the price of cadmium, one of the free market leaders, which rose again yesterday to the expects new capacity to be con-highest level for nearly 14 strained over the next two years to 3.85 a lb. up 30 cents years in printing and writing

Also influential were news of a strike at Centromin's facilities in Peru and rumours that Peru, the major producer, was in the free market as a buyer of | and produced from converted

Mr Hunter estimated that was sold last year and that this might increase to about 4,600

# Rubber supplies remain short

BY WONG SULONG IN KUALA LUMPUR

THE SUFFER stock manager of Korea, Taiwan and India. the International Natural Rub-ber Organisation has sold an estimated 120,000 tonnes from his \$70,000 tonnes stockpile since last September, and this sales programme has had the effect of stabilising prices to some extent, according to the Malaysian Pubber Exchange's latest monthly review. latest monthly review.

The review published yester-day, said in spite of the long Christmas and New Year holi-days, the bam has to intervene materials. But they are mindful that the low production winter-ing period is just around the corner. Besides, many sellers are said to have oversold their actively in the market, particularly after the rubber prices breached the "must sell" level of 242 Malayslan/Singapore cents a kg in early January. His sales of SMR 10 and SMR 20

The review said the market because of increased consumptive yield has already been subtion, especially in China, South ject to maximum exploitation in

BY ROBERT GIBBENS IN MONTREAL

CANADIAN Newsprint and

market pulp capacity will grow by only about 2 per cent in both 1988 and 1959, or in line with demand increases, according to

papers, the industry's fastest

"Natural rubber stocks (in December) were almost depleased as production rises materials. But they are mindful that the low production winter-ing period is just around the

positions."
The market was closely watching for expected pur-chases from the Soviet Union, the review noted.

sales of SMR 10 and SMR 20
were particularly heavy in view of the strong demand for tyre-grade rubber.
The review said the market Production is not expected to continued to face short supply increase very much this year as because of increased consumpthe yield has already been sub-

Canadian pulp capacity constrained

ted to invest well over C\$6bn trends.

(\$2.6bn) over the next five

The latter includes special groundwood papers, used mainly for advertising inserts and produced from converted in 1988 will reach 25m tonnes, with strong to a special pulp and paper shipments exports about the same amount to 8.4m tonnes, with strong and the

of excess investment such as growth slowing to about 2 per took place in the 1960s and cent in real terms this year but 1970s.

no recession is likely. However

However, larger amounts of continuing difficulties with the

new capacity in all three sectors will be coming on stream in 1990-1992. While some speculative projects, particularly in the West have drayed of sixther than drayed on the West have drayed out of sixther than drayed out of sixther than

the past year, with intense tapstimulants in the Southeast Asian countries,

The review said the price of RSS No 1 rubber, the hedging grade on the exchange, rose to an average of 248.6 cents a kg during 1987, compared with 208.4 cents in 1986. Current rubber prices are the highest since 1984.

Meanwhile Dunlop Malaysian Industries, a oubsidiary of plantation-based Sime Darby, has entered into a joint venture with B.F. Goodrich of the US to produce aviation tyres for the Asia-Pacific market, currently the fastest growth area for the aviation industry. DMI has terminated its technical agreement with Dunlop PLC, its former parent, because the agreement allows DMI to sell aviation tyres only within Malaysia, Aviation tyres use 90 per cent

Newsprint shipments in 1988

# over Norwegian

By Karen Fossii in Oslo

A POLITICAL row is expected field development.

Mr Arne Olen has secured the

Mr Arne Olen has secured the future of Norway's fledgling oil company – but he has come under heavy fire from critics for putting Saga at the head of a queue of more profitable fields awaiting development.

Philipplnes and that the market could be open to manipulation.

Daily volumes this year have averaged over \$10m (\$5.6m) in the existing sugar aid soyations development. The postponement of other field development applications is a further blow to oil compa-nies which say that they have

Developments which have been postponed include the NKr9bn Draugen oil field, to be developed by Norske Shell, the NKr8bn Brage oil field, to be developed by Norsk Hydro, and the NKr20bn Heidrun field.

tions report. Not the least of the problems is that "finding reliable merchants and jewellers willing to conduct investment sales is not always easy". Dealing with wide issues, the report suggests that, following rises of over 30 per cent in the price of polished diamonds in 1986 and nearly 20 per cent last year, prices will continue their upward trend into the The report says most of the trade is against the concept of inveatment so resale is often difficult because, in practice,

each diamond is unique and so At the lower end of the mar-

"Buy-back guerantees are cent rise (in current dollars) by marketing ploys and should be 1996. For better stones

SOME OF the pitfalls of invest- treated with caution. Mark-ups increases of about 10 per cent, are often high and the spread are expected this year with a between buying and reselling is frequently wide", it says.

Production will grow by only 5 per cent over the next two years, the report suggests, and will remain fairly static until the 1990s when Venitia in Northern Transvaal and Ellendelle in Australia should come dale in Australia should come

into production.

Diamonds 1988; \$50 Europe; \$95 North America; \$53 rest of world, from Economist Publica-tions, 40 Duke Street, London WIA IDW.

#### Manila to launch copra and coffee contracts

BY RICHARD GOURLAY IN MANILA

THE MANILA International Futures Exchange is due to launch copra and coffee contracts on February 1, doubling the number of commodities traded on the 16-mooth-old

It has postponed the launch of a planned coconit oil con-

and soyabean contracts had been introduced first to familiarise traders with futures markets, but he thought the copra contract would be much more relevant to the Philip-

There are hundreds of copra cent margin with the exchange traders in the Philippines, clearing house, which rises to where 18m people – or searly a third of the population – are approaches.

involved directly or indirectly in the coconut industry. More than 10 traders actively export copra, whereas the number of refiners is limited and there are only two major coconut oil

Some local critics of the futures exchange have accused its 17 members of manipulating the market by co-ordinating their trading. Although Mr McInnes denied this, he said the decision to postpone the coco-nut oil contract was in part to prevent such criticisms arising

coffee contract to be limited. Copra, on the other hand is likely to create strong speculative and hedging interest.

The first trading date for cof-fee and copra will be for June delivery and the contracts sizes will be five tonces and 20 tonnes respectively. At the start of the spot month, buyers and sellers will place a 60 per cent margin with the exchange

#### Shell Nigeria in potential 80m barrel find

THE SHELL Petroleum Development Company of Nigeria, the biggest operator in the country, says it has found oil in two exploratory wells with combined estimated recoverable reserves of more than 80m bar-

rels, reports Reuter.
The Royal Dutch/Shell Group has a 20 per cent share in the company. Nigerian National Petroleum Corp (NNPC) holds the remaining 80 per cent Shell says it struck oil in its

oil mining lease area in the River Niger delta. The well pen-etrated 420 ft of oil sands and 31 ft of gas sands in different reservoirs.

Preliminary estimates indi-Traders expect interest in the barrels. The company says there is considerable scope for future finds in the area and extent of the discovery is now planned.

The second find, of some 221 ft of oil sand and 43 ft of gas sand, also in the Deita area is estimated to have reserves of more than 30m barrels of oil. Shell said.

Shell says since it signed the understanding with the NNPC in 1986 it has intensified selsmic and exploration activities.

#### London Markets

CCCCA PRICES continued to lose ground yeslerday. The International Godos Organisation (ICCO) re-entared the market, buying 3,000 tonnes for the buffer stock - but the move had no affect on prices, said dealars. Bearish sentiment and falling prices in New York kept the market undar pressure, and the three—month position fell below the Coffee prices ratreated in quiet trading. with a lack of physical demand for robustas giving a bearish tone. Traders will be watching for the outcome of today's International Coffee Organisation meeting, which will be considering a further cut in export quotas. Copper prices also continued their retreat on the LME, with cash metal closing down \$26.50 at £1,285 a tonna. This compares with £1.419 at the close on Monday Trading was patchy yeslerday and many operators were still expecting further

falls, although santime	rpecung tu ant ramaine	rmer id mildly
SPOT MARKETS		
Creda oil (par barrel PCB)		+ Cr -
Duber	\$15.30-5.40	-0.025
강(etr: Elend W.T.I.(1 pan est)	\$15.10-5.20 \$16.80-6.85	+0.03
Oil products (NWE promps		
Promium Gassolino	3159-161	T W -
Gas Oil (Sov.et)	5137-139	
Haavy Fuel Oil Nachtha	\$71-72 \$151-153	0.5 1
Fetroleum Argus Estimates	5151-133	-1
Other:		+ or -
Gold (par troy azie	\$456.50	+1.25
Silver (per troy oz)# Platatum (per troy oz)	684c \$476.25	+6 -4,75
Palladium (per troy 02)	\$119.00	-4.55
Aluminium (tree merket)	£1940	-20
Copper (US Producer)	12046-125c	<b>_3</b>
Nickel (free market)	40c 390c	+10
Tirr (European free market)	£3850	
Tin (Kuala Lumpur market) Tin (New York)		-0.09
Zint (Euro. Prod. Price)	316.50c \$890	-0.50
Zinc (US Prime Western)	44.75c	
Cattle live weightif	104.40p	-0.70*
Sheap (dead weight);	152.61p 65.47p	+11.17*
Pigs (live weigh!)†	\$261.20w	+1.24*
London daily sugar (72W) London daily sugar (white)	3251.20W 3258.00W	+0.80 -1,00
Tate and Lyle export price	€255.00	,40
Berley (English feed)	£111.00y	
Maize (US No. 3 years)	£136.00v	
Wheat (US Dark Northern)	295.50u	-2.25
Rubber (spot)9	63.25p 67.75p	-0.25 -0.25
Rubber (Mar) ♥ Rubber (Apr) ♥	67.75b	-0.25
Rubber (KL ASS No 1 Feb)		+0.50
Coconut of (Philippines)§	\$560.00w	
Pakn Oil (Malaysian)5	\$455.00	
Coora (Philippines)a	\$375.00	-15

519p

£ a tonne unless citerwise statod, p-pence/kg, c-cens/lb, r-ringgr/kg, w-Feb/Mar, v-lan/Feb, z-Mar, y-Feb, u-Apr/May, x-Mar/Apr,† Mea1 Commission average interek prices. change from a week ago. 2 London physical market, § CIF Renerdam, § Bullion market close, m-Maleysach/Singapora cens/kg

Woodoos (54% Super)

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enoug North	h warn Americ	s the in sing of a an reces another	dustry Possi- sion in	continue about 98 rated car	operation operat	ng ful on av	l out a	t segme f Ship and b	nt shou ments o oards sh	ld gain 9 p f packaging ould rise a	er cent
-	The Control				SON SEES		The second	-		m tonnes.	MMC
100	E/tonne				LONDON						clied by Ame
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Mar	1079	1089	1094 1074		Aluminion	, 99.7%	purity (\$	per tonne)			
May Jiy	1099 1121	1109 1125	1115 1096 1135 111	3	Cash S months	1910-		940-50 860-70		1930-50 1830-40	
Seo Dec	1137 1159	7147 1170	1152 113 1174 1159	7	Aluminium					1900-10	Rie
Mar May	1180 1200	1195 1212	1195 117	3	Cash	1071-		089-91		1090-4	
<del></del>		372) lots of			3 months	1016-	7 1	040-1	1024/100	9 1023-4	1012-
CCO ir	ndicator	prices (SO	Rs per toni	ne). Daily	Copper, G		<del></del>				- Flin
			43 11432.08 1.87 (1452.42		Cash 3 months	1285- 1186-		010-5 214-5	1280 1205/117	1280-2 8 1188-90	1184-5
COFFE	£/tonne				Copper, 5						
	Close	Previous	High/Low		Cash	1250-	50 1	280-90		1230-40	
Jan Var	1187 1203	1179	1175 116		3 months	1155-		210-20		1160-70	
vav	229	1232	1234 122	2	Silver (US			-		000.0	
Ву Вер	1252 1274	1260 1282	7259 1249 1277 1270		Cash 3 months	661-4 672-5		57- <del>9</del> 70-2		660-3 672-5	675-80
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CO md	licator pr	toas (US o	ents per p		3 months	350-1		48-50	353/347	349-9.5	353-5 FA
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	S per ton		Man Can		3 months			485-9U	4530/433	0 4460-80	4340-C
Mar Mar	225.40	229,80	High/Low 235.00 22	9.60	Zinc (£ pe Cash	495-6		92-3	495.5	485-5.8	
Apy	219.60	228.00	229.60 21	7.60	3 months	498.5	• 4	85.5-8	500/496	497-9	496.5
oct Oct	213.00 212.40	219.20 219.00	223,60 21 222,40 21		POTATOR	S FANOV				LONDON BU	ELION MAR
ec tar	212.60	221.00 218.80	220.00 21			Close	Previous	High/Love		Gold (fine cz)	
Asy	215.00	222.80			Feb	95.00	96.00	95.00		Clase	4884-468%
ethry	Close	Previous	High/Low		Mar	95.50 150.50	84.50 152.20	151.50 15	0.50	Opening Morning fix	4871/2-468 467.00
dar Asy	254.00 254.00	250.00 259.00	264.00 25 262.00 25		May	185.00	188.40	165.70 16		Afternoon fix	486.35 467%-488%
ug ict	255.00	261.00	267.50 25	4.00	Nov F <b>e</b> b	94.50 107.00	95.50 105.50			Day's high Day's low	46512-466
9C	255.00 257.00	262.00 262.00	263.DD 25	•.00	Turnover:	206 (31	() lots of 1	00 tonnes,		Coins	\$ price
ar Ly	258.00 258.50	263.00 265.00	263.00 259.00		SOYABEA	N MEA	£/tonne			US Eagle	48071-485%
urnovo	r: Flaw :	5246 13121	less of 50	tonnes;		Close	Previous	High/Low		Mapielesf Britannia	480%-485% 480%-485%
hine 20 ans- W	346 (1112) Mate (FF)	). Der toenah	Mar 1445 k	Jan. 1 450		128.50 122.40	128.40 122.50	128.00 12 122.40	7.50	Krugerrand 1/2 Krug	465-468 244-253
ug 148	5, Oct 14	70. Dec 148	0, Mar 1480.	-LY 14304	Aug	121.00	121.50			1/4 Krug	122-130 480-485
						122.00 125.00	122.50 126.00			Angel 1/10 Angel New Sov.	49-54
AS OIL	. S/tonne		_		Feb	127.00	128.50			New Sov. Old Sov.	10915-11035
	Close	Pravious	High/Low		Turnover:					Noble Plat	490-496
eb	139.00	139.00	139.75 137	7.50	FREIGHT						
lar	138.25	139.00	129.25 137	7.50		Close	Previous	High/Low			
kor Kay	136.25 134.00	137.00 134.75	138.00 136 136.00 134			1391.0 1471.0	1391.0 1440.0	1395.0 13 1472.0 14		Silver fix	p/fine oz
lun	138.00 136.25	137.00	137.50 13	3.00	Jly	1332.0	1299.0	1332.0 13	10,0	Spot	372.95
lly		185.75 251) lots of	138.75 130			1368.5 1387.5	1345.0 1390.0	1370.0 13	60.0	3 months	381.00
gri <b>ge</b> a	. 4530 (S	ლ.1 KSB Q	I DINES							6 months 12 months	389.10 405.35
GRAINS	£/tonne				Turnover:						
Vhest	Close	Previous	High/Low				GETABLE ein pkantii	ui, reports	FFVIR		i
ler	110.95	110.60	111.00 11	1.35	Cape su	idana gi	rapes are	£2.00-2.50	(62.25	LONDON MET	
iay '	113.00	1 12.80	113.20 112	2.55	(2.50), pk.	ans 70-6 habaro	156 (75-90) 15-60c (50	o) and Englis -65p) on inc	n seriy   reseet	Aluminium (99	
ly	115.30	115.05	115.35 11-	4.80				are 850-£1.		Strike price \$1	BANCE

102.25

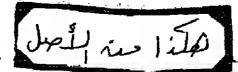
Turnover: Wheat 340 (445) . Berley 99 (39

				数据			WOI	RLDCC	оммог	ITIES PR
DA E/tonne			LONDON	METAL	EXCHAN	IQE .		(Prices supp	lied by Amalgan	nated Metal Trading)
Close	Pravious	High/Low		Close	i	revious	High/Lov	AM Offic	ial Kerb close	Open Interset
1079	1089	1094 1076	Akuntnius	, 99.7%	purity (\$	per tonne)			Pling	tumover 300 tonne
1099 1121			Cash					1930-50		
1137	7147	1152 1137						1630-40		
1159 1180				_					Ring tu	mover 14,200 torme
1200	1212	1208 1199					1094/100		1012.4	49 057 late
var:4546 (6	372) lots of	10 tonnes					1027/100	1023-4		
indicator (	orices (SOF	Rs per tonne). Daily			<del></del>		4000	4000.0	Haili an	MOAD 22'000 MINIO
ge for Janua	ary 28: 1447	.87 (1452.42).	3 months						1184-5	75,550 lots
EE £/tonne			Copper. S	tandare	IE per ton	126)			BI	no turnover O tonne
Close	Previous	High/Low			<del></del>	<u> </u>		1230-40		-
1187	1179	1175 1185	3 months					1160-70		50 lots
1203	1207	1210 1200	Silver (US	cents/f	ne ounce]				R	ng turnover 0 tonne
1229 1252			Cash	661-4		57-9		660-3		
1274	1282	HighLow	685 lots							
1295 1310	1320	1295 1290	Lead (£ po	er tonne	)				Ring t	umover 9,950 tonne
	Close   Previous   High Low   AM Official   Kerb class   Open Internet	19 181								
ndicator pr	toas (US c	ents per pound) for				48-50	300/34/	349-9.5		
ry 27: Com: verage 115.	p. Cally 197 11  115.10\	9 115.36 (115.38); 15					1055	4000 400		PERSONAL 1'109 SOUVE
R S per ton										9.167 lots
Close		Hon / Ou								
225.40			Cash	495-6	4	92-3				
219.60		229.60 217.60	3 months	498.5	•	85.5-8	500/496	497-9	486.5-7	12,975 lots
213.00 212.40	219.20	223.60 212.00								
212.60	221.00	222,40 211,20			_					
211.00 215.00		220.00 214.00					<u></u>			
		In				95.00				
Close						151.50 1	50.50	Morning for	467.00	
254.00 254.00						165.70 10	55.00			261,965
255.00	261.00	267.50 254.00								
255.00 257.00		263.00 264.00	Tumover:	206 (31	4) lots of 1	00 tonnes,		Coins	\$ price	£ equivalent
258.00	263.CO							US Eagle	Applied by Amalgameted Metal 1 Difficial Kerb close Open In Ring turnover 20 40 2,558 to Filing turnover 14,200 44 1012-4 48,057 if Filing turnover 55,600 Filing turnover 55,600 70 50 tots Filing turnover 65,600 Filing turnover 65,600 Filing turnover 65,600 Filing turnover 65,600 Filing turnover 9,950 85 675-80 685 tots Filing turnover 1,750 86 675-80 685 tots Filing turnover 1,750 87 turnover 1,750 88 turnover 1,750 88 turnover 2,521 88 486.5-7 12,975 tots 8 486.5-7 12,975 tots 8 486.5-7 12,975 tots 8 486.5-7 12,975 tots 8 486.35 260,2622,2622,2624,2624,2634,2654,2624,2634,2654,2654,2654,2654,2654,2654,2654,265	
258.50						High/Low		Mapieleaf	### Supplied by Amalgamated Metal To MM Official Kerb close Open International Rang turnover 200 (### 1800-40)	
vor: Flaw : 2046 (1112)	5246 (3121) ).	icts of 50 tonnes;							465-468	
White (FFr	per tonno):	Mar 1445, May 1450,	Jun	122.40	122,50				244-253	
465, Oct 147	70. Dec 1480	0, Mar 1480.								
			Dec	125.00	126.00			1/10 Angel	4 <del>9-54</del>	271:-301
XL S/tonne										
Close	Dravious	Mina/I am	Turnover:	140 (76)	icts of 10	tonnes.				
139.00			FREIGHT	FUTURE	S £/Index	point				
138.25	139.00	129.25 137.50		C)054	Previous	High/Low	·			
136.25		138.00 136.00								
134.00 138.00		136.00 134,00 137,50 138.00								
138.25		138.75 138.00						Spot		
POR: 0.598 (6	251) lots of 1	100 tonnes	BF1 1	1387.5	1390.0			S months	001.00	4. 4.00
			Turnovec	383 (54)	<u></u>					
48 £/tonne										
Close	Previous	High/Low	Citrus fr	runt rem	ain planti!	ul, reports	FFVIB.		4	
110.95			Cape su	atana q	rapes are	52.00-2.50	(£2.25-			
113.00	1 12.80	113.20 112.55						Aluminium (99	7%) 0	
115.30 †02.70			avallabili	ty. Cap	apricots	are 850-£1	00 (70-	Strike price \$ 1	onne Ma	May Mar May
104.60			ි 85p) and	Spania	satsumaş	30-450 as t	te see		149	
107.10			45-80n a	ach The	DOROSOS SA	edess man	as from			
			Chille, 21	1.90-2.20	D. and Ch	Yean peach	es. 35-			
Close	Pravious	High/Low	450 each	) (35 <b>-40</b>	p). Brusse o kies -	is sprouts,	18-25p.	<u>·</u>	<u> </u>	
107.75		107.75 107.60	( 20-30 <sub>D.</sub> )	8771 CZU	diffowers, 4	∔0-60oaha	ad are			150 18 84 109 49 194
108.20	108.20	_	- abundan	at Impr	orted cala	threse, 75;	o-⊈1.000 i			
97.45 100.10	97.45 100.10	97.45 100.10 100.05	Egyp:, 2	22-26p	1.40 G G G D 125-30p) a	reini (XXXIX)		Copper (Grada	Al C	alls Puts
407.76	100.06					nor tollow				

Tomato quality is very poor following weather in Tenerite and Spain and su

which are very short, cost 70-90p (50-80p).

					-						-			46.9	
US MARKETS						CRUDE OR. (Light) 42,000 US galls 5/berrel					Chicago				
Swi	tch activit	was the	main fe	sature in	-	Close	Previous					000 bu min			
gok	as trade	rs square	d positi	ons in	Mar Apr	17.01 16.91	18.71 16.68	17.01 16.93	16.66 16.59		Close				
F86	ruary ahe	ad of the	first not	ice day,	Mary	16,80	16.58 16.60	16.60	16.51	Mar	605/6	Previous			
	erwise, pr				أليال	16.49	16.43	15.49	16.42 16.35	May	815/4	814/8 623/2	817/4 626/4	805, 815,	
don	ninated by	local trai	ding, wit	th the	Sup	18.30 16.30	16.37 16.31	16.30 18.22	16.30	Aug	622/2 623/0	630/2 631/4	634/0	622	
· from	e a buyer	of dips. (	copper	recovered	Oct.	16,35	18.25	16.35	18.35	Sep	623/4 628/4	632/0	633/4	623	
setti	n recent k ng pressu	ra allowe	d price:	to raily	yav Jec	78,20 18,25	16,19 10,18	18.20 16.25	16.20 16.10	Jan	635/4	838/4 843/4	640/0	628	
On o	commissio	n house	short-ex	waring.			,000 US ga			- Mar May	646/0	651/4	654/G	838 846	
Cru	de oil fell	on comm	ission h	ouse and	7	Close	Previous				651/0	656/4	0	0	
	d <b>selling</b> b			r rallied on	ieb	48.65	48,73	48.92	48.15		WEAN OF	00 000 0			
trad	e and loc	al buying	in respo	of Bank	flar	47.25 45.65	47.20 45.84	47.50 45.90	46.70 45.20	<b>BOTA</b>		80,000 lbs			
repo	orts of off	ake, but	commis	aion house		44.60	44.84	44,80	44.30	Mar	Close	Previou		.Ow	
Den	ng touche	wificant	us as in	levels and	Age Age	44.10 44.25	44.18	44.45 44.55	43.80 44.06	May	21.30 21.63	21.28 21.65	21.70 22.00	21.2 21.5	
in t	e absenc	e of serio	us buyi	ng. Cocoa	Aug	45.00	44.55	45.00	43.80	Jul Bug	21.81 21.87	21.88	22.16	21,7	
				peculative	Sap	45,75	45.55	45.75	48,75	Sep	21.37	21.90 21.90	22.22	21.7	
	ng and liq ng in intel			trade d with the	C/CO/		e:E/tonnes	19.75		- Dec	21.87 22.00	21.92	22.36	21.6	
indu	stry a sca	le-down	buyer. C	coffee	Me	Close	Previous			Jan	22.00	22.10	22.40 22.40	21.9 22.0	
clos	ed higher	but only	just off	the lows	May	1779 1809	1803 1833	1808 1838	1766 1800						
as t	rade profi e-fix sellin	raking a n held on	na prod	UCBF	Ju Sen	1829	1980 1887	1861	1820 1852	SOYA	TEAN ME	L 100 tons	\$/ton		
in d	neck. Catt	e futures	opened	easier.	De	1901	1924	1684 1922	1892		Close	Previous		Over	
ther	rattled or	technica	l buying	despite	Mr	1933 1957	1966 1980	1935	1930	Mar	177.2	178.3	179.2	175.4	
med	locre fund	lamentais	. Uve h	ogs fell on hog feed	COFFE		500lbs; cent			May Jul	177.2 177.4	1787	179.5	170.	
may	be carcin	openic a	nd there	by lead to		Close	Previous			- Aug	179.0	179.2 180.2	160.5 181.0	178. 178.	
a fe	duction of	CONSUM	otion. He	owever.	Mai	130.57	130.30	181.30	130.35	Sep Oct	179.0 180.2	180.7	187.5	178.	
the I	market ra	e no bell	denial f	rom the	May:	133.51	133.20	134.00	133.10	Dec	180.3	182.7	182.2 183.5	180.4 180.4	
	-	-			Sep. Dec	135.75 137.86	195.20 137.48	138.26 138.20	135.25 137.46	Jen	182.0	183.5	193.0	182	
_=	W YC				Dec	140.40	140.00	140.80	149.40	MALZE		min; cents/			
GCL	100 tray a				May.	142.50	142.50	ŏ	Ö	Mar	Close	Previous	111/211/		
-	Close	Previous			SUGE	WORLD "	11" 112,00	O ibe; cem	1/bs	May	198/4 204/2 207/2	201/6	201/6 207/2	198/	
Feb	488.5 488.7	467.0 469.4	467.1 0	455.3 0		Close	Previous	High/Lo		Sep	207/2 207/0	210/2	210/0	206/4	
Apr	471.5 476.5	472.2	472.0	470.4	Mar 1 May	9.98	10.42 10.18	10.54	9.94	Dec	208/2	209/6 211/0	210/2 211/2	206/I	
AUG	481.7	477.3 482.6	477.2 482.0	478.8 481.0	` اببال	9.86 8.38	10.18 9.87	10.27 10.00	9.64 8.37	Mar May	215/2 220/0	217/0 222/0	217/4	215/1	
Oct.	467. <u>2</u> 492.7	488.2 493.8	467.6 493.1	468.2 491.5	Oct	9.46 9.58	9.80	9.97	9.30			Phin; cente/	221/4	220/0	
Feb	498.5	499.7	498.2	497.0	Mar	9.44	0.88 9.76	0 9.95	9.43		Close	Previous			
PLAT	WELTH 50 tro	y 02; \$/\$10)	OZ.		Mey	8.43	9.78	10.00	9.65	Mar		329/2	High/Lc		
	Ciose	Previous	High/L	OW/	COTT	50,000; c				May	323/6	327/2	331/4 329/4	323/4 322/4	
Feb	471.7	481.2	474.5			Close	Previous	High/Lo	*	Sep	313/0 316/0	317/2 320/0	320/0	312/4	
Apr Jul	478.2 482.7	485.2 482.0	481.0 487.0	472.0 476.0 483.5	Mar	81.66 82.30	52.53	82.45	81.40	Dec	326/0	331.4	323/0 332/0	318/5 325/4	
Oct	489.2	488.7	494,0	490.5	41	62.75	63,30 63,40	63.25 63.60	62.21 62.75		332/0	334/4	33340	332/0	
Jan Apr	498.4 503.9	50 <b>6.</b> 7 614.7	500.0 O	500.0	Oct Dec	62,50 61,65	63.36 62.37	63.36	<b>62.60</b>	mas C		000 lbs; ca	its/lbs		
<u> </u>	ER 5,000 tro				Mar	82.65	69.35	52.39 63.35	61.55 82.78		Close	Previous	High/Lo	W	
	Glose				May	83.05	83,70	0	0	Feb Apr	67.82 68.35	68.55	69.10	67.67	
Fab		Previous	High/L	0	ORAN		5,000 lbs; c	ents/tos		Jun	87.57	69.77 69.55	70.25 68.67	68.30 67.50	
Mar	<b>662.</b> 5 <b>66</b> 6.5	665,5 669.0	670.5			Close	Previous	High/Lo	,	Aug Oct	65.17 69.95	56.15	66.30	85.00	
May	666.5 675.2	877,7	676.0	665.0 673.5	Mar	168.20	186.00	169.00	165.10 166.30	Dec	64.65	65.07 85.67	65.25 86.70	63.90	
Jul Sep	<b>683.</b> 5 <b>691.8</b>	666,1 894,4	0.888 0.888	883.0 885.0	May Jul	167,70 165,00	166.15 168.25	167.75 168.26	165.50 165.50	LIVE H	00,00	O to; cente/	ha	84.85	
Dec	705.1	707_7	709.0	703.0	Sep	64.00	184,75	185.00	182.50		Closs	Previous			
Jan Mar	709.1 718.9	711.7 721.5	8	0	Nor Jan	62.00 64.00	164.00 161.50	162.50 0	161.00	Feb	47.70	47.93	High/Lo		
May	728.6	791.1	ŏ	ŏ	Mar	'6'.CO	161.50	Ğ	Ŏ	Apr	44.65	45.30	48.22 45.80	47.05 44.40	
COPF	ER 25,000 l	os: cents/b	\$		May	£ .00	161,50	0	0	-jui	47.50 47.85	47.97 48.36	48.65	47.40	
	Close	Previous	High/Lo	7W	HIDIC	EB				Aug	47.95 46.30	48.36 47.27	48.80 47.85	47.30 46.25	
Feb	106.10	102.20	106.20	108.20	REUT	ERSTRACE	September	18 1021	- <del>100-</del>	Oct Dec	42.35 42.57	42.90	47.85 42.80	42.35	
Mar	95.10	98.20 86.70	99.00 99.70	95,20	1	Jr 27			:	Føb	42.55	43.00 42.70	43.00	42.57 42.55	
May Jul	89.60 82.60	80.60	89.70 \$3.50	86.30 80,80	1	174.5		mith ago	<del></del> {	PORK E	BELLIES S	,000 tos; c	Arrite/In	42.55	
Sep Dec	78.80 78.60	80.60 78.30 77.70	79,50 79.50	79.00	DOW.		1759.5 \$6: Decemb	1784,5	1617.3		Close	Previous	High/Lo		
Jen	/8.40	77.70	ey.çu	77.50 80.00	Spot	13:98			1	Fab	54.85	56.77	57.25		
	78.10	77.80 77.80	78.80 8	77.50 0		5 13.73	132,96 134,19	133.70 135.80	116.12 116.79	Mar May	55.87 57.20	57.85	57.25 58.10	54.60 55.75	
Mar May	7 <b>0</b> ,10											59.02	59.50		



### CURRENCIES, MONEY AND CAPITAL MARKETS

**FOREIGN EXCHANGES** 

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### Dollar & pound weaker

resteriory's announcement has not increased fears about a possible recession.

In dull trading the dollar fell to DM1.6660 from DM1.6710; to FFr5.6375 from FFr5.6325; to SFr1.3560 from SFr1.3610; and to Y127.15 from Y127.50.

On Bank of England figures: the dollar's index fell to 94.0 from 94.2.
STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. December average 1.8269. Exchange

2 IN NEW YORK

Close Latest 1.7900-1.7810 0.25-0.29pm 0.78-0.74pm 2.95-2.85pm

STERLING INDEX

Jun 28 Previous

**CURRENCY RATES** 

Special Demolog Rights 0.770021 1.36748 1.7486 1.40993 47.9413 8.76254 2.28902 8/A 7.71401 8/A 1.75.281 8.49034 1.95.281 8.21772 1.86368 1.86368 4.96050 -1521.73 -157.326 -7.67008 -140.015 -7.43105 -1.66038 -166.029

**CURRENCY MOVEMENTS** 

-19.2 -12.4 -10.7 -13.6 -23.1 -23.6 -13.6

OTHER CURRENCIES

**MONEY MARKETS** 

### **UK** rates indicate cautious optimism

INTEREST RATES were a little lower yesterday. Dealers were becoming more accustomed to the idea of base rates staying at 8½ p.c. for the time being and consequently period rates looked a little on the high side. However, longer term rates still included a degree of cantion, although this was slowly being eroded.

One dealer described the UK clearing bank base tending rate 8½ per cent from December 4

mood of the market as being almost bullish. UK trade rigures were ignored. Although at the higher end of expectations, and consequently a little disap-pointing, the figure was insuffi-cient to create any fresh direc-tion.

Three-mooth interbank money was quoted at 31/4-31/4 p.c. down from 31/3-31/4 p.e. while the one year rate slipped to 91/4-91/4 p.c. Overnight money started at around 91/4 p.e. and slipped at one point to 7 p.c. before finishing nearer 8 p.c.

ing nearer 8 p.c.
The Bank of England forecast
a shortage of around £200m
with factors affecting the mar-

The forecast was revised to a shortage of around £350m but there was no assistance in the morning. A further revision

morning. A further revision took the forecast to a shortage of £300m and the Bank gave assistance in the afternoon of £213m through ontright purchases of £3m of Treasury bills and £210m of eligible bank bills all in band 1 at 3% p.c. Late assistance came to £100m, making a total of £313m.

In Frankfurt short term money rates were virtually unchanged. Commercial banks were expected to meet end of month minimum recerve requirements with the Bundesbank without producing any strain on liquidity.

Call money remained at 3.00-3.10 p.c. as further funds came 3.10 p.c. as further funds came into the market, following the unwinding of earlier three-day Tressury note purchases.

tanan <del>and and and the second and th</del>

**FINANCIAL FUTURES** 

### Gilts and bonds in demand

GILT FUTURES were in strong demand yesterday. Liffe long gilts recorded a healthly 46,000 lots traded, as investors shrugged off slightly disappointing UK trade figures.

THE DOLLAR lost ground on speculation the Federal Reserve will encourage lower US interest rates, following the latest GNP data, published Wednesday.

Expectations that US growth will slow sharply this quarter, led to fears the situation could develop into a recession, creating a mood of nervousness.

As the foreign exchanges focused on the negative sepects of the GNP figures more attention than usual was given to US personal income and consumption 0.5 p.c. The expenditure signs of decline in demand.

Income rose 0.7 p.c. and consumption 0.5 p.c. The expenditure figure was unchanged from November.

Mr Bupert Thompson, US economist at Morgan Grenfell, said the figure was in line with expectations, following the GNP news. He pointed out a strong downward revision in Cotober, and suggested the general picture was not too bad.

Vesterday's announcement has not increased fears about a possible recession.

In dull trading the dollar fell to DML.6660 from DML.6710; to FFr5.6175 from FFr5.6325; to SFr1.8100 cmd

**EMS EUROPEAN CURRENCY UNIT RATES** 

	Eco control rates	Carrency accurats applient Eco Jun.28	% change from central rate	% change adjusted for Grangesco	Divergence Real %
lpien Franc mint Krone renen D-Marit craft Franc ech Golider de Poet Mas Line	42,4582	45.1518	+1.63	+0.94	21.5344
	7,85212	7.91275	+0.77	+0.08	21.5404
	2,05653	2.6450	+0.29	-0.40	21.9404
	6,9005	6.9600	+0.62	+0.13	21.3674
	2,31943	2.31897	+0.62	-0.71	21.5012
	0,768411	0.776657	+1.07	+0.36	21.6684
	1468.58	1623.73	+2.71	+2.47	24.0752

Changes are for Eas, therefore positive change denotes a weak on Administrative calculated by Financial Tintes.

**DOLLAR SPOT- FORWARD AGAINST THE DOLLAR** 

**POUND SPOT- FORWARD AGAINST THE POUND** 

0.77-0.72pm 0.77-0.72pm 0.73-0.75pm 0.7-32pm 0.7-32pm 0.34-0.25pm 14-32pm 26-387-66 25-1966 25-1966 25-1966 25-1966 27-20pm 11-22ph 27-20pm 43-33pm 151 427 407 407 417 419 450 497 774

**EURO-CURRENCY INTEREST RATES** 

Sterting
It's Deflar
Can, Deflar
D. Galleber
Sw. Franc
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Fr. Franc
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**EXCHANGE CROSS RATES** DM Yes FFr. Sfr. RFL Lira CS Sfr. \_\$ 18.02 2.418 3.536 2194 2.275 62.15 5.420 2.356 1.872 1231 1.276 34.86 1124 10. 2.413 4144 :1 1.779 2.964 226.3 0.737 1.228 93.80 3.550 Z190 2.270 62.63 1.380 907.4 0.961 25.70 1.037 1002 0.774 4567 1102 isn

16.12 Yen per 1,000: French Fr. per 10: Lica per 1,000: Selpin Fr. per 100.

LIFFE-STERLING 225,000 S per E FT LONDON INTERBANK FIXING 6 months US Dollars

MONEY RATES

8.00 8.00 6.00 6.00 6.00 335-350 81-81 130.145 648 14-11 448 29065 18-21 64-64 4.50 7.50

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Short sterling prices moved ahead as cash rates retreated. Thoughts of a half point increase in base rates continued to recede and despite an underlying note of cautioo, the strength of longer term rates seemed less and less justified. With gilt prices showing every sign of improving further and sterling under no immediate pressure, so the March price for three-month sterling moved up to a high of 91.16 from an opening of 91.08, before closing at 91.14 compared with 91.01 on Wednesday.

Calk-4 Feb 18.33 13.85 9.87 4.57 4.06 2.32 1.22 0.59

at 120-15 up to 120-21. However, further impetus past this level and up to a high of 121-10 left the contract a little over extended and the brief period spent nt the day'e high was probably a reflection of some hasty short covering. While the mood remained bullish, the price came back to finish at 120-21, up from 119-24 on Wednesday.

US bonds were also strong, mainly after Wednesday's less than encouraging US GNP figures. Analysts argued that the strong build up of inventories indicated n sharp down turn in final demand and many dealers reported n whiff of recession

US commission houses were particularly keen buyers, purchasing long gilt futures soon after the opening. One dealer suggested that institutions had sold US bonds to retail clients, and with the Liffe bond market lacking the liquidity, made up portfolios with long gilts

From an opening price of 120-11, the March contract soon broke through resistance

Puts-6 Nar 0.07 0.07 1.03 2.09 3.03 5.29 7.25 11.22 Estimated whome total, Calls 77.11 Pats 3176 Presions day's open let: Calls 30007 Pots 24127

LONDON SE 2/5 OFTIONS 212,500 (code per 21)

Pets-settlements Mar Agr 0.11 0.42 0.12 0.42 1.60 2.62 4.32 5.45 12.57 13.20 17.43

CHICAGO

U.S. Tricksury notices (CET) 8%. \$196,808 32mb of 196%

94.30 94.08 93.87 93.62 95.16

Ustest High Low 0.7416 0.7434 0.7411 0.7497 0.7509 0.7495 0.7585 0.7585

91.26 94.01 93.76 93.48 93.26 93.08

12.95 9.09 5.99 3.67 2.08 1.09 0.53

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LONDON 26-YEAR 12% NOTHORAL SILT 250,008 32mb of 180%

Claye Righ Low Pres. 96.14 96.24 96.08 95.24 Estimated Volume 840(211) Previous day's open int, 2138 (2112) Close High Los Pres. 109.42 109.60 109.40 109.99 107.83 108.00 107.90 107.59

Est. Vol. Circ. Vigs. not showed 11294(7363) Prestnet day's open int. 30517 (30432)

Clase Ship Low Proc. 178.00 178.20 175.00 176.10 180.60 180.75 180.75 179.60 Estimated Volume 874(807) Previous day's open 8145 (8266)

Estimated Volume 9907(12471) Pravious day's open int. 9123 (8814)

**CURRENCY FUTURES** PODIO-S (FOREIGH EXCHANSE)

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LONDON MONEY RATES													
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### SWORLD VALUE OF THE DOLLAR B BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT, LONDON

Latest High Low 251.60 252.20 251.00 253.15 253.30 252.50 254.30 254.50

-The table below gives the latest available rate of exchange for the U.S. dollar against various currencies as of Wednesday, January 27 1988. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

CURRENCY

Bank of America Global Trading, London, New York, Tokyo, San Francisco, Los Angeles, Toronto. 24-hours a day trading capability. Enquiries: 01-634 4360/5, Dealing: 01-236 9861.

ECU=\$US1.236491 SDR1=\$US1.36901 As of January 27, at 11.00 a.m.

Eurodoflar Libor: 778 Sibor: 71 CURRENCY

6 months 74 VALUE OF

103.725

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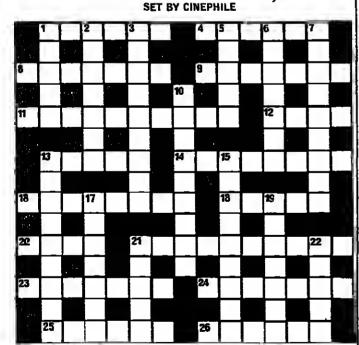
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### FT CROSSWORD No.6,542



- **ACROSS**
- 1 Half way to clear screen (6)
  4 Mr Sloan's entertaining epitaph on camera? (6)
  8 Pain-killer for a number hav-
- ing some force (7) 9 Dog gets payment for some electricity (7) 11 One way to give us our
- hoped-for super domestic?
- (5-5)
  12 Bird in the hibiscus (4)
  13 Pretty picture, dog's home included (3-2)
  14 Scots dress contains a two-way electrical unit (8)
  16 Where Henry beat Richard, with shortened weapoo between the two (5)

- between the two (8)

  18 Drink and trifle, about two
- old pence (5)
  20 Antique silver given to jour-nalist (4)

- nalist (4)
  21 The game seems to be not to let it bounce (6-4)
  23 Strike causes some limping everywhere (7)
  24 Died on stage? Disgusting (7)
  25 Reverse weapon to acquire something precious (6)
  26 XS sounds too much (6)
  DOWN
  1 Dog concerned with noise
- 1 Dog concerned with noise abatement? (5)
- 2 President went crazy at first issue of state capital (7)
- 3 Bird seed in smoothing machine (9)

- 5 Part of fight in ring that isn't? (5)
  6 Seat about half a dozen after old city comes in range (7)
  7 Depression signifies attempt at drilling etc. (9)
  10 Long flat expanse with more than one volume (9)

- 10 Long flat expanse with more than one volume (9)
  13 He has lunch on quiet take isle (9)
  15 Point of collection for character to fight (6-3)
  17 Stuff to stuff part of bird put on inside (7)
  19 Fizsco: cancel without taxi turning up (7)
  21 Antipyretic? It isn't clear (5)
  22 Connections, of course (5)

17.0 172 276.9 165.5 22.9 64.8 201.4 20.5 47.404 42.9 67.1 208.1 Seletico to Puzzie No.6,541 et that Treat Report Ltd (a)(c)(d) At that Treat Report Ltd (a)(c)(d) ATH OUR 1 

145.6 268.7 Contents Of Grein Par. 332.

Support of Contents Contents Contents Par. 325.

Resolution Terratio, Edinburgh British Greinst Ta. 135.

European Servett Co. 97.5

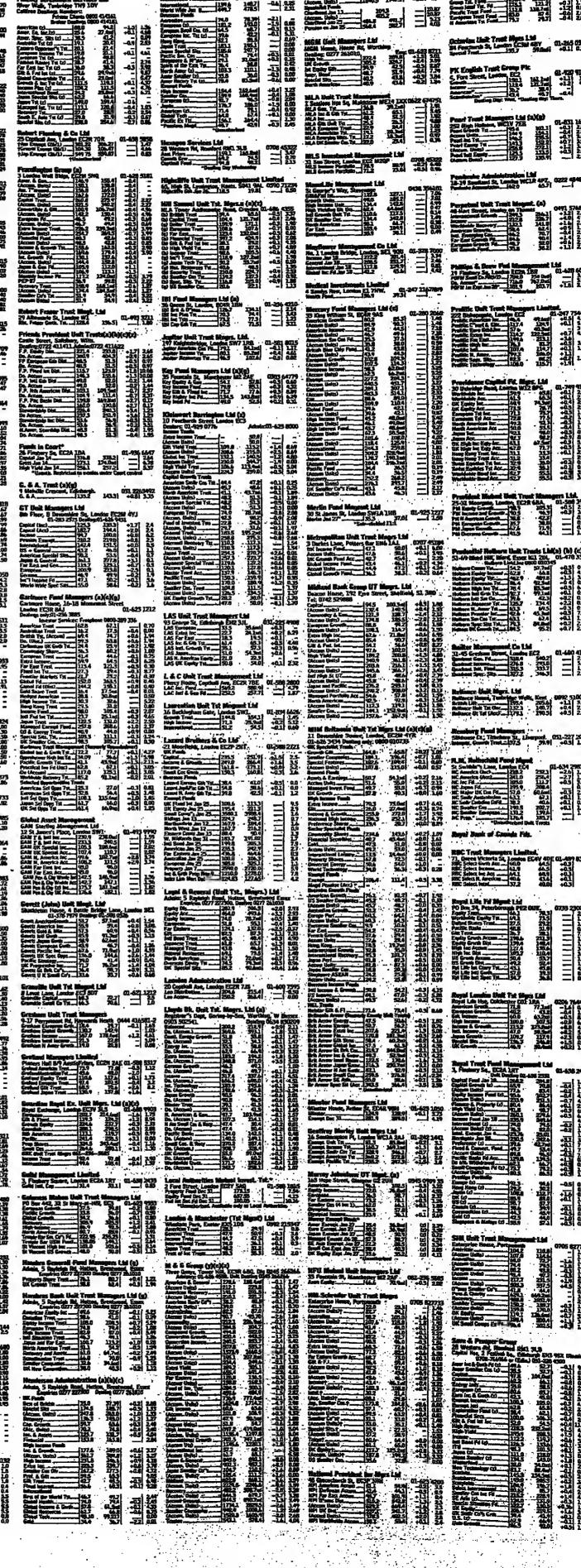
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Japan Scale Co Tot (d) 174.0

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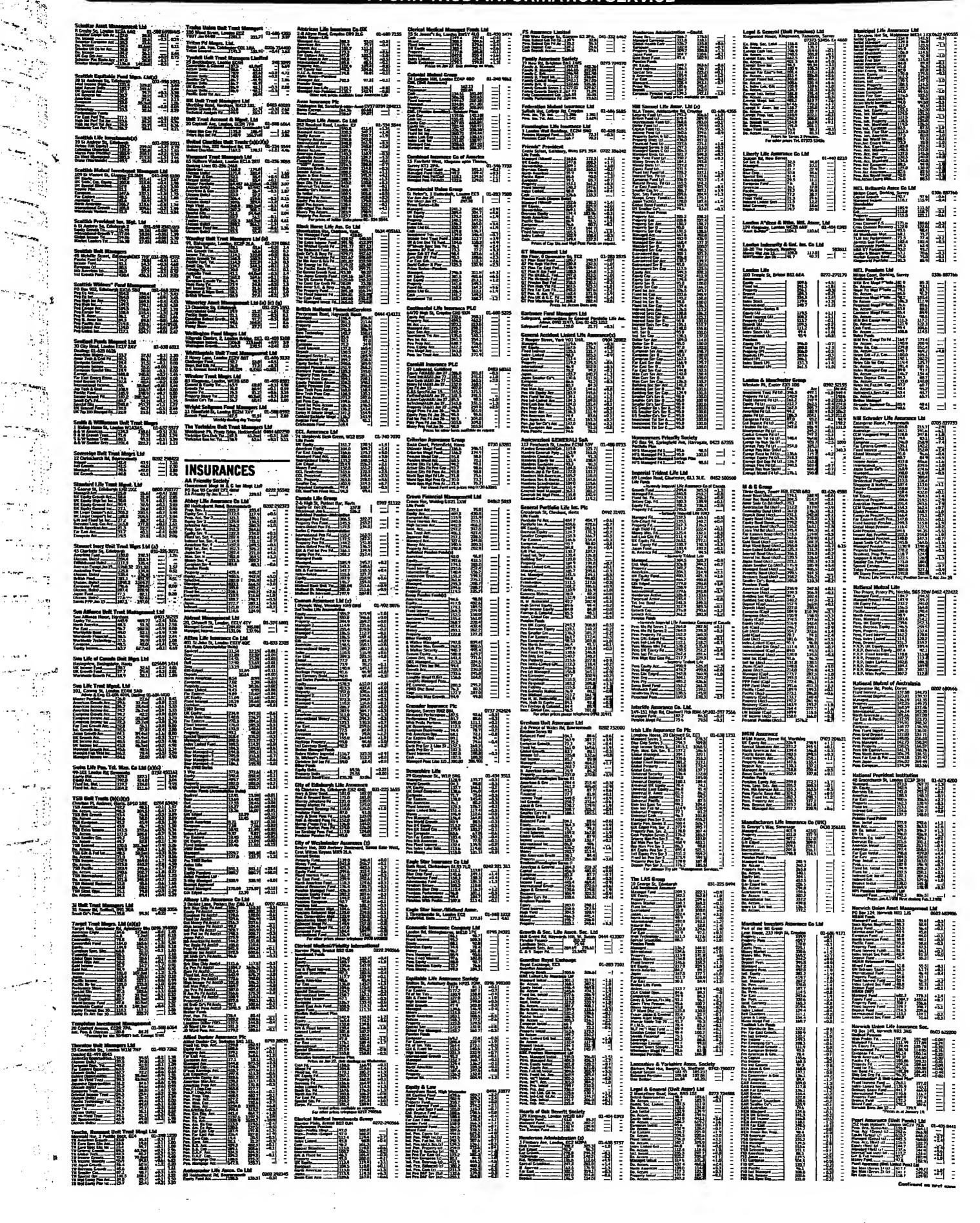
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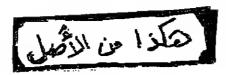
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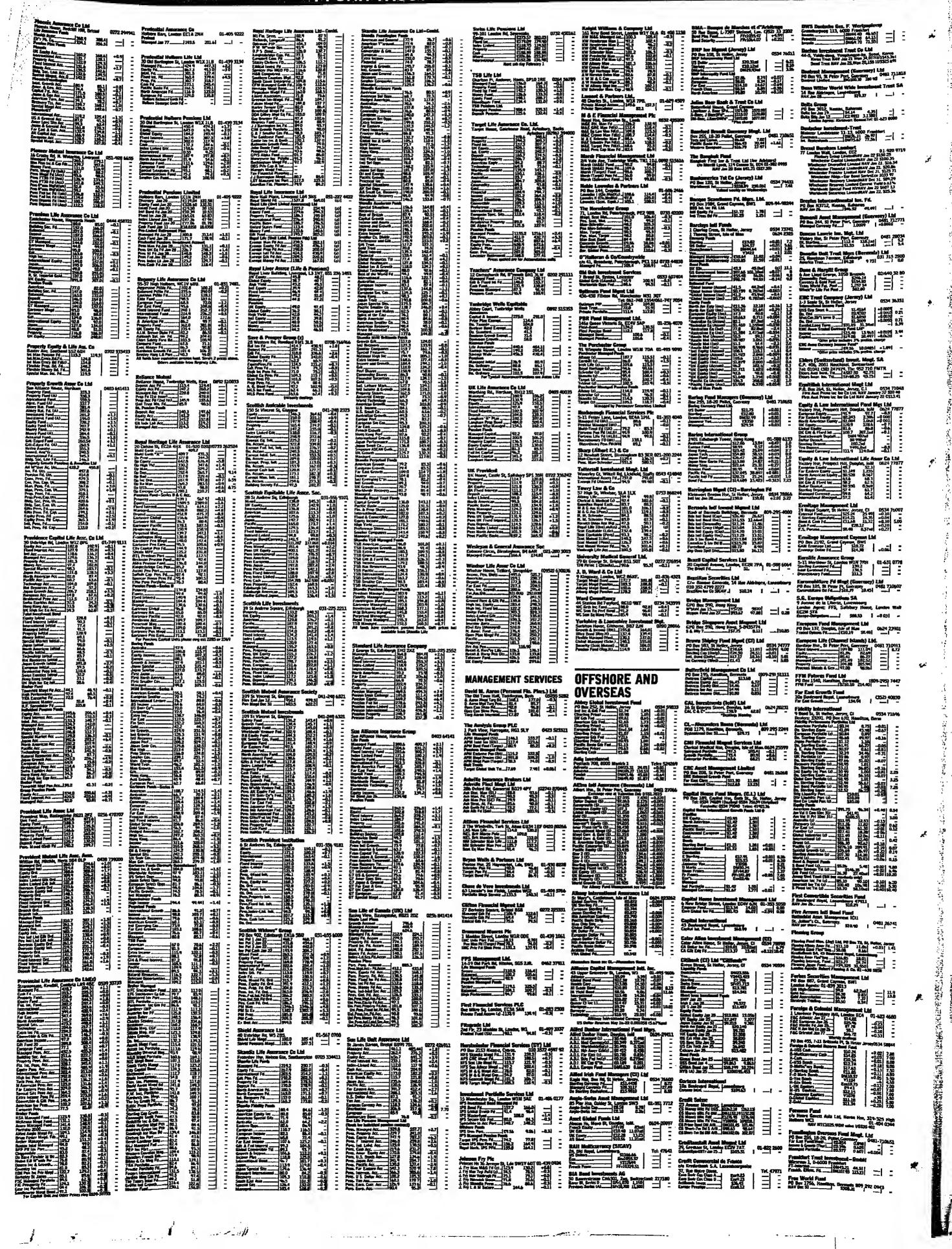
W. W.

### FT UNIT TRUST INFORMATION SERVICE





### NEORMAT



Financial Times Friday January 29 1988  FT UNIT TRUST INFORMATION SERVICE	LONDON SHARE SERVICE
	BRITISH FUNDS BRITISH FUNDS - Contd FOREIGN BONDS & RAILS
The Franch President Fund 20 Budgered (amounts) Servels, Law. (000 302 22502 20 Budgered (amounts) Servels,	"Shorts" (Lives up to Fire Years)  Undated  50 45 Do 4cc March Acc. 65 275 (1.47)  77 50 Hung. 24 Acc. 177
Tol. Landon Joseph (2012-2575) GT Investment F10:	107 *** *** *** *** *** *** *** *** *** *
GT Areas HC Gridds \$25.67 - 1.56 Environmy Farringto 18.79 0.29 - 0.001 - 18.8 C Grand Areas Areas 2, Sentenced Report, Largest Larges	10   10   10   10   10   10   10   10
GT Erroge Ford (c)	## 970/Freez 10/6/20 1990
Section   Column	1987   1982   1987   1982   1982   1982   1983   1984   1984   1984   1985   1984   1985   1984   1985   1984   1985   1984   1985
	Free to Fiftness Years  1134 973 Maries to to 1970; 1  1137 973 Maries 10 to 1970; 1  1138 1077   Hean 10 to 1970; 1  1139 1174   Hean 10 to 1970; 1  1130 1174   Hean 10 to 1970; 1  1131 117
Stocking Reports   1	10   10   10   10   10   10   10   10
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A. American Tot. June 20, 24, 755   25, 765	1000 000 000 0000 0000 0000 0000 0000
Fig.	Over Fifteen Years 900 8 12 25 28 9 10 10 10 10 10 10 10 10 10 10 10 10 10
Samuel Periodic   SF-02-56 207.30     Asian Erwish State   St.254   Asian Erwish State   St.255   St.254   Asian Erwish State   St.255   St.254   Asian Erwish State   St.255   St.25	101 22 Longrish Figs 2004 1015 + 1
CAM Senter Bill	Figure   100   1
De Designation	Schenders Rein Limited  Therefore Management Ltd.  Warburg Investment Management Jerusy Barcings Prime Account.  Sch Floor, 2 Exchange Sq. Rong Kong.  S-211633  S-20 Superior Sq. Rong Kong.  S-211633  S-20 Superior Sq. Rong Kong.  S-211633  S-20 Superior Sq. Rong Kong.  S-211633  S-211
CAM Whitehers   5107.25	Supplement   St.78
Julia Genetit Magazat International Ltd PO Box 200, 32 Poter Pt. Generally 10453 26264 463 Service 1665 71.5 0000 0000 0000 0000 0000 0000 0000 0	Second   S
Farm Tractice   52.71   10.34   40.05   50.276   50.276   50.904   40.05   50.276	Exchange
## Pacific Winners Cert   100	Send International Treat  Facilitate Name Intern
66 Fried Street, Registron Helitz Bermade  Heriti Lucius Rich M. Alex Control Street S	2. Bouleved Royal, Lowenbowry RAV in 28  Super & Friedharder Lds, Agents 21 New St. Bishopopars, ECZM AHR Top Tv ANV in 5  Sentine On Tv HAV in 6  Sen
Commerce Flight Fund Mars (Generally ) List	3   106 et   500   10.99   1
Control   Cont	Sacisfic Generation Marchant Durch ric  60 Generator St. London EXAV DET 01-524, 4821.  First Scan State of Bank Fund Managers  11 filter Park, Acces, S.15 TOS  finance Fund 18.52  12 filter Park, Acces, S.15 TOS  finance Fund 18.52  13 filter Park, Acces, S.15 TOS  finance Fund 18.52  14.5
## Company Fast by Fig. \$27.05   22.05	Scheduled Climetered Off. Hampy Milk: France   175.3   198.7   40.4   0.59   195.5
Gothal Busseys Paul priors personal wildraft initial charges.    Mark sends Sci. 1754 US\$25.56   Goods   Goods	Shering Officere Food Admin. Ltd.  Shering Officere
Heathers Fueld Higher List 23.10 Commont Course, 1989; 1989  Activation Folian 28	Strategic Metals Corp pit Metal Faceh  Strategic Metals Corp pit Metals
April 10	Som Alliance International Life PO Don 77, 52 Pears Part, Generaty Po Don 77, 52 Pears Part, Generaty For Don 77, 52 Pears Part, Generaty For East Par
Section   Sect	TSB Trent Familis (CI)  25 Mil S, St Heller, Serviny (CI)  25 Mil S, St Heller, Serviny (CI)  26 Mil S, St Heller, Serviny (CI)  27 Mil S, St Heller, Serviny (CI)  28 Mil S, St Heller, Serviny (CI)  29 Mil S, St Heller, Serviny (CI)  20 Mil S, St Heller, Serviny (CI)  20 Mil S, St Heller, Serviny (CI)  20 Mil S, St Heller, Serviny (CI)  21 Mil S, St Heller, Serviny (CI)  22 Mil S, St Heller, Serviny (CI)  23 Mil S, St Heller, Serviny (CI)  24 Mil S, St Heller, Serviny (CI)  25 Mil S, St Heller, Serviny (CI)  26 Mil S, St Heller, Serviny (CI)  27 Mil S, St Heller, Serviny (CI)  28 Mil S, St Heller, Serviny (CI)  29 Mil S, St Heller, Serviny (CI)  29 Mil S, St Heller, Serviny (CI)  20 Mil S, St Heller, Serviny (CI)  20 Mil S, St Heller, Serviny (CI)  20 Mil S, St Heller, Serviny (CI)  21 Mil S, St Heller, Serviny (CI)  22 Mil S, St Heller, Serviny (CI)  23 Mil S, St Heller, Serviny (CI)  24 Mil S, St Heller, Serviny (CI)  25 Mil S, St Heller, Serviny (CI)  26 Mil S, St Heller, Serviny (CI)  27 Mil S, Mil
## No. 10 Provided Communication   Communicati	Talgest Family Cop Principal-Bacher Capital Family (Equilities) Using Providing S., London, ECCM 481999  Talleans (ROC) Fund Cop Victoria of Copital Family (Equilities) Using May 1 Family  Talleans (ROC) Fund Cop Victoria of Copital Copital States For 1 Family Cop Victoria of Copital Ltd, Copital Copital States  Talleans (ROC) Fund Cop Victoria of Copital Ltd, Copital Copital States  Talleans (ROC) Fund Cop Victoria of Copital Copital States  Talleans (ROC) Fund Cop Victoria of Copital Ltd, Copital Copital States  Talleans (ROC) Fund Cop Victoria of Copital Copital States  Talleans (ROC) Fund Cop Victoria of Copital Copital States  Talleans (ROC) Fund Cop Victoria of Copital Copital States  Talleans (ROC) Fund Cop Victoria of Copital Copital States  Talleans (ROC) Fund Cop Victoria of Cop Victoria Cop Victoria of Copital States  Talleans (ROC) Fund Cop Victoria of Copital States  Talleans (ROC) Fund Cop Victoria of Cop Victoria Cop Victoria of Cop Vic
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Part	The Timifand Food  System — 323.8

INDUSTRIALS (Miscel.) - Contd.

		RDADEDV AND STORES COM	ENGINEERING - Contd ;	INDUSTRIALS (Miscel.) - Contd
1987/88   Stack   Point   For Greek   Wide   Point	131   171	DRAPERY AND STORES - Contain   1997/800   1998/800	1967 /86	1987/981   25   25   25   25   25   25   25   2
10	*** **********************************	### ELECTRICALS  **86* 288	176   50   200   18   19   19   19   19   19   19   19	## 250   246   Autor. Entroy 5   250
101-102   101-	500 267 Tuylor Wessdrow 386 +3 195 72 34 150 606 197 Tuylor Wessdrow 278 +5 168 11 34 132 423 223 16 Trants & Arneld 322 -2 152 44 22 124 151 145 105 87 100 200 131 6 160 150 150 150 150 150 150 150 150 150 15	Signature   Sign	552 502 Johann & Firm 10, 483 1, 2 1,5 2,0 5,0 122 265 95 Januar & Schema 120 42 415 2,9 44 110.7 395 157 Leist Grang 228 4-6 17,0 2,5 4,2 10.8 124 127 405 Leist (Arthur) 120 4 15 12 4 12 12 12 13 15.7 45 12 Lacker (1) 56 39 11 12 12 4,5 22.0	203   173   Pricing town F(20)  276   -3   177   12   5.6   18.7   125   18.7   125   18.7   125   18.7   125   18.7   125   18.7   125   18.7   125   18.7   125   18.7   125   18.7   125   18.7
273   175   Anticli Irich   215   (Mis.Mr. a) 0 & 4   7.1	173 95	201 59 minimum 10p 135 +2 114 11 12 11 11 11 11 11 12 12 12 12 12 12	Section   Sect	*** **********************************
1975   398   Nill Sames   Nill Sames   1975   398   Nill Sames   Nil	230   106   Mickeyn Hell.	195   60   Helman Product, 19,02   120   131   142   134   134   135   136   136   137   136   137	206 73	10
19	17   14   15   16   17   18   18   18   18   18   18   18	100   50   Medicroster Int 100   51   -3   -3   -3   -3   -3   -3   -3   -	284   167   Rejam Illy	Color   Colo
296   133   Barchity's Berwery   168   43.2   13   13   14   13   15   15   15   15   15   15   15	200   173   Caster 20p.   246   45   161.5   6.5   6.8   25.8   193   6.5   6.8   25.8   193   6.5	256. 6877-Sharris Deta W at 2.0. 1973. 258. 355. 59 Hort Industry 1. 259 2515. 1879 Hort Record 1. 259 2575. 1879 Hort Record	375   215   First Level 20a   274   -5   11.3   1.4   5.4   17.1   224   65   7   7   23.2   8.2   18.5   19.5	291 129 Femore (L. H.)
## BUILDING, TIMBER, ROADS  449   222   failest Sup.   362   +1   123   124   125	8 155 900 Un lian Vin 485 955 950 10 10 10 10 10 10 10 10 10 10 10 10 10	27	29   1014   27   16   137   104   27   16   137   104   27   16   137   104   27   16   137   104   27   16   137   105   27   105   137   105   27   27   27   27   27   27   27   2	174   275   Secretaria Secretar
100   200   Carelored Ray W Mp.   111   141	1215   140   Duren & Robinson 50   180	Section   Sect	**************************************	13

The Secretary of the Se

### LONDON SHARE SERVICE

	INSURANCES - Contd	PAPER, PRINTING,	TEXTILES - Contd	TRUSTS, FINANCE, LAND - Contd	OIL AND GAS - Contd	MINES - Contd
	2947765   Stuck   Price   W   Price   Price   Stuck   Price   Stuck   Price   Stuck   Price   Stuck   Price   Stuck	ADVERTISING - Control	1787/88   173   Seeks   Print   - 48   Free   Print   174   185   175   186   175   186   175   186   175   186   175   186   175   186   186   175   186	1987/86   1987	2997.068   100	1967/86 Stack Price
	139   138   Stell Bartil 110a   214   44   12.0   11   77   4.1   139   139   139   139   130	10	180 102 Berkstam A 10p. 115 5.78 LF 4.5 11.4 12.1 12.6 12.6 13.7 Reft. Models 25 5.78 LF 4.5 24 12.0 12.5 12.5 12.5 12.5 12.5 12.5 12.5 12.5		10 2 Picement 00 ASL 210 H3 97.0 02 S.D - 222 100 Ds. "0p" 100 253 H3 97.0 02 S.D - 222 100 Ds. "0p" 100 253 H3 97.0 02 S.D - 222 100 Ds. "0p" 100 253 H2 95.116 H3 - 22 9A.59 12.2 S.D - 22 Ds. "0p" 100 Pice - 50 30 h2 9L 100 Pice - 50 30 h2 10 Pice - 50 30 h3 10 Pice - 50 30 Pice - 50	High   Loar   Stack   Price
	Prof.   Pub.   Professor   Pub.   P	*#77 527 Secret 100 535 ** 1.4.5 ** 1.4	175   93   Dynamont Group   230   174   47   41   94     183   31   Early of Where   10   115   1.52   14   12   1     164   67   67   67   67   67   67   67     273   111   Gatleel Floor 20p.   177   +2   75.0   2.4   45   10.1     273   138   Haggas Listes   10a   150   3.10   42   44   10.1     273   138   Haggas Listes   10a   150   3.10   42   44   10.1     479   32   Hickop Pentenst   55   +2   -	122 57 Do inc 50p. 118 15.5 1.1 6.8 132 50 then 1 May take Lay Lay 58 +2 105 50 then 1 May take Lay Lay 58 +2 17.6 7.8	10   2   Policividan (ii NV   3   3   10   2   2   2   2   3   3   3   3   3   3	260 65 Perban Aust Market 25c 135 25c 7.3 1.4 77 22 5c 7.3 1.4 77 25c 7.3 1.4 77
1	730 225 HUM Friendy 8 150 568 20 20 20 20 20 20 20 20 20 20 20 20 20	465   248   Sentis (Denis S.) 259   588 et al.   45,25   48   2,0   13,4   12   27   27   27   27   27   27   27	125   61   Cords   55   -1   4.0   64   64   64   67   67   77	44 15 Do. Warrants 122.0. 24 -1 184 19 19 19 19 19 19 19 19 19 19 19 19 19	60 23 +0ilifield lass Stret. 51	57 21 Fram Hargert Edd. 58 72 74 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9
	353 10 A4 & M Group 10p. 12 262 77 Aircors 10p. 125mi	1987   188	223 105 Present M. 200.  170 100 regioned 100.  180 123 110 regioned 100.  180 125 125 125 110 110 110 110 110 110 110 110 110 11	75 13 De Warriets. 14 - 1	7168 50 Petrocon 122go - 59 -1 42.0 - 4 -	33 6 France Milaing 77.2 13 032.5c 1.9 5.2 790 200 France Goals NL 289 -13 032.5c 1.9 5.2 790 25 France Report Facility 12 -13 032.5c 1.9 5.2 79.8 79.8 79.8 79.8 79.8 79.8 79.8 79.8
A Principal of the Prin	194 77 Religional Hidgs, 10p. 165 61 1 223 141 62 Seturgo 1p. 81 1 1 223 77 40 64CE times 5m. 44 -1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	734 188 Matchigan (1) 190 -1 160 12 4 3 12 6 55 55 52 2 16 16 17 17 17 17 17 17 17 17 17 17 17 17 17	265 121 Partient W 140 140 141 14 1 23 111 14 1 24 113 14 10 25 110 140 140 140 140 140 140 140 140 140	115 101 St Daniel's law Tis lac. 386 71 10 92 155 77 Ba. Cap. 86 +1 179.11 10 92 155 455 455 561 179.11 10 9.9 155 455 561 179.11 10 9.9 155 455 561 17 560 159 159 123 123 123 123 123 123 123 123 123 123	234 133 Westragas Petroleum 133-2 4 4 4 4 5 5 4 5 5 6 5 6 5 6 5 6 7 7 6 7 7 6 7 7 6 7 7 7 7	33   6
	127 79 (06 Spc.Ct.Com.Rep.P.) 195 +1 42 427 -2 117 127 127 127 127 127 127 127 127 12	PROPERTY	394   236   Toray Y50	189   78   D. Warrans   118	277 12 (Suppler Pet 50). 38	Tios
2 di	76 12 Helerstein Fred Sp. 59 + 2	132 89 Do 94ge Could E. 101 54 6 71 - 72 - 72 8 300 BDA Height Ma. 100 125 137 14 10.9 415 135 Balor Harde Same Pully 230 140 1 14 16.6 185 50 Barbara 100 30 180 - 181 - 18 16 18 18 18 18 18 18 18 18 18 18 18 18 18	TDBACCOS	150 85 Sept. Mort & 781 97 123 11 30 99 81 Sept Majoral Tit Inc. 873 8622 13 94 97 97 18 180 Can	794   34   Premier Cont. 50   453   454   - 37.4   - 37	165   38   Whyer Hitam SMI
A Company	391   202   MTV OnL 269   -3   49.8 3.7 5.0 7.4	1077   20   108   Landon   10   96   42   21   12   23   13   13   13   14   14   15   15   15   15   15   15	709   322   RAT leads   438   -4   1943   35   45   75   122   123   124   124   125   125   124   125	10   10   10   10   10   10   10   10	34 11 (Freitur Res ir 50 25 +2 15.25 10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Manager 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	27	#52 1979   Change Instant   257   103 203 203 203 203 203 203 203 203 203 2	TRUSTS, FINANCE, LAND	151 78 Enabler Ces 10 18 79 -1 1.5 1.0 22 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0	10   90   African Lates	140   35   Anglo - Donteion   36
3		650 295 Cardiff Prop 204 250 1.9 6 0.7 6 390 120 Dates Prop Midgs 255# 472.6 43 1.4 24.6 477.5 460 Destarfield 58 58 122.6 43 1.4 24.6 40 0.7 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	199   122   Allea ter	213   21   21   22   23   24   25   24   25   25   25   25   25	** PES   50 F   FF   172   187   182   183   184   184   185	117   Whisphanout Res.   146   +1   -
	98 34 FP dily Radio ITV 50 65 225 2.0 4.0 14.0 25 13.0 17.0 17.0 17.0 17.0 17.0 17.0 17.0 17	300 1/8 Clayform Prop Sp. 228 +5 17.5 2.2 4.5 23.5 182 52 0a. Warrents	777 64 Ausbrage Bin. Inc. 775 11.58 0=22.7   463 383 De. Cop 465	Old   56   TR Treambory   59   760   51   22   22   155   32   TR Treambory   59   760   59   12   22   22   157   Temple for   2002   2003   2004   2004   2005	*** Proc. 1	237 48 Nor-Osect Resources. 350 -2 19.6 29 37 2530 171 105. 350 -2 19.6 29 37 2530 171 105. 350 -2 29.5 16.5 15.0 391 11 Wilson Res Inc. 1 24 2 37 291 16.5 15.0 THIRD MARKET
Action in the second se	220 1142 State Hule, 20n 1 275 1 42 1 434 0.21 344 1 1	127 13**Control Secs. 10p. 31 113 46 (Arm. Em. Prens. Sp. 43 10.75 2.4 1.6 34.4 220 98 (Tatry New T. 10p. 368 225 1.9 2.2 (28.2) 268 150 (Destric Prens 197.0p. 165 2 4.1) 4.0 4.0 4.5 468 230 (Destric Preps Cop. 388 2 + 6.6 3.5 2.4 12.5 2133 665 (Despis Official	"144 70 Aastralis las 7s 50p. 78	313 255 Tor. invest. inc. 203 113.2 1.2 7.1 960 51.4 B. Cap. 475 1.52 1.20 0.3 221 135 Fribure Invest. 158 42 335 1.3 2.9	PLANTATIONS	1907/88 Sheck Price - 195 150 150 150 150 150 150 150 150 150 15
	228 105 Sameston Erp 20p 115 2425 0.5 4 250 28 5 280 280 280 280 280 280 280 280 280 280	111 98 (de Morges 5s. 82 + R.O. 4.9 1.7 19.2 29.0 115 Detection Tender 5s. 183 + 5.25 29.3 25.24.3 25.	254   250   Bandjok Frank   315     101   25   Bantery Ins.   48ml -1   1.72   4   15   154   255   Berry Trest.   265   -1   3.95   1.2   2.0   137   50   Berry Stev. 75.   63   42   2.11   1.0   4.6   2.0   2.0   2.0   2.0   2.0   2.0   2.0   2.0   2.0   2.0   2.0   2.0   2.0   2.0   2.0   4.0   4.0   4.0   2.0   2.0   4	90-, 50   Iriplevest lot. 50a. 35   12.96   10.20.9   21.27 <sub>0</sub>   10.20.9   21.27 <sub>0</sub>   21.27 <sub>0</sub>   152   103   153   16. 16. 173   42   42.66   6.00me 7s   105. 16. 172   1.25   0.7   3.4   3.4	1967/88   High Low   Stack   Price   - wer   Biv   YTM	83 33 Aurence Energy 10s. 35 -3 1 111 43 Aurence Energy 10s. 36
	202 105 FTV-em 59	305 163 Ests From les 266 +16 49.0 1.3 51 19.1	643 308 Bett. Irms 2 467 42 117.0 1.2 5.0 147.9 88 Bett. Irms 2 161 2.75 6 5.0 7.3 6.2 COPC Trees 100. 45 -1 6.2 COPC Trees 100. 45 -1 6.2 COPC Trees 100. 45 -1 6.2 COPC Trees 100. 45 1.2 2.3 145 145 12 2.3 145 145 145 145 145 145 145 145 145 145	162   100	127 95 Grand Central 10s. 38	180 65 Damas Group 50. 67 (1.2 - 2.3) - 151 34 Carton Eschi 100 64 +2 0.4 6.1 0.9 24.4 220 125 Grown Eyepites 50 195
71) 4 - 115	170 74 Ulster 17 90 37 27 26 15 30 29 179 97 179 66 16 15 30 29 18 18 18 18 18 18 18 18 18 18 18 18 18	271 82 (Sust 1 1 2 5 1 1 1 7 9 2 9 9 1 1 1 7 9 2 9 9 1 1 1 7 9 2 9 9 1 1 1 7 9 2 9 9 1 1 1 7 9 2 9 9 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	251 98 Do. Cap 71-20 99 217-34 44 14-0 2-0 11 60 37 Collel Residu Res. 100 217-34 44 14-0 2-0 11 7-7 10 Do. Warranet 10 10 51 65 Colleg & Cast for \$0.501 75 508 Ct 1.7 2-5 98 53 Do. Warranet 40	Figure, Land, etc  1967/88 Stack Price   4 or Sty Chaffers Price   100 C	Teas   985   840   Ascum Doctors E1   985   9.0   3.6   1.2   224   219   45.0   2.0   3.2   2.0   3.6   1.2   2.0   3.6   1.2   2.0   3.6   1.2   2.0   3.0   3.7   2.0   3.0   3.0   3.0   3.0   3.7   2.0   3	186 65 Far East Res. 10p 98
2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 -	MOTORS, AIRCRAFT TRADES	200   36   Calager   Inst.   338   2   333   43   13   24   24   25   25   25   25   25   25	Si   423- City & Coss, fer.   46	*126 40 Abace her. Se (741-) -1-2 40.4 5.5 0.7 323 348 100 Abbeyearth 10p. 223 125 120 0.8 -176 45 Abbeyearth 10p. 223 125 120 0.8 -126 128 Abashapaswed F. Ioo 46 -2 28.2 335 135 Astrologoska Molys. 207 (108.5 3.5 4.1 [7.9]	MINES Central Rand	110   95   16 L. Laboratories   10   114   +6
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THE DISCLOSURE of a UK trade deficit for December at the top end of City forecasts failed to upset the UK securities markets yesterday. Having braced themselves for poor figstrong lead to the market were Shell, which is nearing its divi-dend date, and Rank Organisa-tioo, which disclosed good trading results. Properties were encouraged by a modest-sized ures, market analysts seemed prepared to tolerate the modest narrowing in the current account deficit to £582m. Both moved higher throughout the session, pausing only briefly as the trade figures announcement appeared on the tradiog

Turnover in equities increased significantly, boosted by renewed speculative trading in oil shares as Elf, the French Group, increased its terms for Tricentrol, just as Atlantic Richfield swooped into the mar-ket to pick up 14.6 per cent of

the Tricentrol equity.

The broad range of the market was encouraged by a heavy-weight investment circular from Nomura Securities which expects London to outperform other major markets in the coming months. A major brokerage house was believed to be operating a trading programme, involving both buying and sell-

involving both ouying and seli-ing of leading stocks.

Share volume through the Seaq system totalled 663.4m at 5.00pm, oearly twice the levels recorded earlier this week. The figure included 46m shares in 9.1m BP "old" and 5.3m "new" 4.9m Ultramar, more than 2m in Enterprise Oil and 1.6m shares in Burmah.

Not all the investment interest was claimed by the oil shares. Dealers reported "some good quality, chunky business, fairly well spread across the full range of the market." There was a brief sell-off after the trade figures, but the equity market quickly steadied when ne clear that sterling, and the UK bond market, had taken the news without strain.

There was definitely a better tone about it", commented a trader at James Capel, the UK agency broker. "Investors were much more willing to deal.

The FT-SE 100 Index closed 18.7 up at 1783.9, the day's

best level. The Index stood a net five points up ahead of the trade figures news, which brought a brief dip into negative territory.

The session opened well when Salomon Bros, acting for an unnamed source - later identified as Atlantic Richfield (Arco) - bought heavily into Tricentrol shares at 180p. With Elf quickly raising its offer for the Tricentrol equity to 160p, the market sceoted another takeover battle, to take up the

**EQUITY GROUPS** 

## Trade figures brushed off as Government bonds and

equities advance in active trade running from the Britoil-BP-Arco saga. The rest of the oil sector rosred ahead like a bon-

	Jan.	Jan.	.inn	.600	.ban.	Year	198	7/88	Since Compliation		
	28	27	25	25	22	Ago	iligh	Low	High	Low	
Covernment Secs	89.72	89.21	88.94	89.39	88.69	85.35	95.32	83,73 (19/10/87)	127.A (9/1/95)	49.28 (3/1/75)	
Fixed Interest	95.38	95.22	95.27	95.46	94.78	91.43	99.12	90.23 (2/1/87)	205.4 (28/11/47)	50.53 (2/1/75)	
>distry ♥	1436.0	1415.6	1418.0	1414.0	1421.0	1427.0	1925.2 (36/7/87)	1232.0	1926-2	49.4 (25/6/40)	
ick Miss	267.0	268.2	265.7	279.1	279.9	322.6	497.5 (4/8/87)	261.6 (6/11/67)	734.7 (15/2/83)	43.5 (26/10/71	
Ord Distribid 4.57 4.61 4.62 4.63 4.40 3.99 S.E. ACTIVIT									TIVITY		
Earnings Yid. %(fall)	11.04	11.14	31.16	11.19	11.02	9.36		ndices	<b>≱un.27</b>	.t==26	
P/E Ratio (net)(*1	11.07	10.98	10.96	10.92	11.12	13.10		Bargains	162.1	177.5	
SEAQ Bargains (Spar)	25,073	22,053	23.534	22,950	26,744	37,029	Equity Barg Equity Valo		1760.9	169.2 2024.5	
Equity Turnover (Cm)		871.21	1001_59	727.07	2036.41	1585.94	5-Day aver				
Equity Surgains	1 -	22.518	26111	24,392	31.202	46,864	Gilk Edged	Bargatins	1461	135.0	
Shares Traded (mi)	-	349.4	366.2	307.5	470.1	580.3	Equity Barg Equity Valo		170.0	173.7	
♥ Opening 10	a.m.]	11 a.m	] 12	p.m.	1 p.r	2] [	2 p.m.	3 p.m	1 4	p.m.	
1415.7 141		1416.9	-	19.2	1422		1424.4	1427.		26.5	

up at 246p following a surprise offer of 240p per share cash from fellow property group Peachey. The bid values EPIC, and wholesaler of wines and wholesaler of wines and application of the state of th which is primarily involved in

which is primarily involved in industrial property, at £58.5m and the price of 240p represents a premium of some 20 per cent over the EPIC share price of 200p on January 8 this year. Peachey's share price dipped to 376p on the bid announcement but later partially recovered. looking for an "auction" of Tri-centrol, with Elf's increased offer of 160p already brushed aside on the hope that Atlantic Richfield will employ some of its profit on its Britoil stake. ment, but later partially recov-ered to close a net 5 down at Other possible bidders include Exxon, the world's largest oil group which was once thought to be interested in Britoil. 381p. London Secorities, 3 The excitement set a light to

higher at 44p, after 45p, has pledged its 25 per cent share-holding in EPIC to Peachey unless a higher bld emerges. EPIC has rejected Peachey's bid because it believes the offer the rest of the second-line oil stocks. Enterprise Oil, expecdoes fully reflect the company's bought the shares neavily value. It is currently involved the price rose 11 to 262p during a turnover of 11m shares, Anamuel scale on this year's

Burmah shaded 1 to 480p as Pennzoll rejected Interest in Nor did interest slacken in the sector's major bld saga. With the Kuwait oil minister known to be meeting Mr Nigel Lawsoo, the UK Chancelior, shares in BP "new" edged up to 77p, and the "old" gained 7 to 264p. Britofl, at 479p, closed 5 up as dealers awaited the next

step in what is now regared as a largely "political" deal, involving both Golden Shares No official statements were at 621p. Issued but reports later A strong performance from suggested that Argyll would be Rank Xerox contributed to pre-

Wed Tre

and wholesaler of wines and spirits, eased on the loss of a cootract held by sobsidiary Dent & Reuss for the past fourteen years. The agency for the distribution of Glenmorangie, the second most popular brand of malt whisky in England and Wales, is to be transferred to United Rum Merchants, a diviaion of Allied-Lyons, from April. The shares of H.P.Bulmer closed 3 lower at 149p.

Lonrho delighted followers with annual profits of \$200.2m which topped most market forecasts. Institutional investors threw aside recent cantion and bought the shares heavily as approaches received
Goingess were loltially profits estimates and, with the uosettled by mistakeo press reports of Argyli being poised assets attraction, the stock is to sue for op to \$300 over the expected to rate a "buy".

Testilize office A negretical and the stock of the group's assets attraction, the stock is to sue for op to \$300 over the expected to rate a "buy".

Distillers affair. A newspaper Rank Organisation pleased stated that the supermarket the market with the announcegroup was finalising details of ment of a 27 per cent increase a writ following the High Court in its annual profits. This was reserved judgment on the Guin-quickly reflected in the share ness attempt to overthrow a price which surged ahead in Takeover Panel ruling made at the time of the acriminous battle for control of Distillers. Seaq system) to close 34 higher

unlikely to make any such tax profits of £208m for the move until the outcome of other year which compared with anajudicial proceedings. Guinness lysts forecasts ranging from shares then recovered from £200m to £205m.

LONDON REPORT AND LATEST SHARE INCEX: TEL. 01-0898 123001 Proposals for the reconstruc-tion of a trio of investment to pass on unwanted stony which, prior to the USM quote. trusts managed by Ivory & was extremely difficult to trade
Sime were none too well because of the matched bargain
received. The terms were
described as inadequate, and
marketmakers said that the yesterday in Verson Interna-

> Caledonia Investments' purCaledonia Investments' purCaledonia Investments' purChase from a single source of a
> Caledonia Investments' purChase from a single source of a
> Caledonia Investments' purCaledonia Investments' vote at the annual meeting whether E & S I should continue as an investment trust.

several bright features with institutional buyers re-emerging for selected quality stocks, including Tarmae, finally 7 higher at 232p, and Marley, which closed 6½ up at 149p. The major clearing banks displayed no set trend, but trading volumes were higher than of late. Lloyds slipped 5 to 253p on a turnover of 3.7m shares. Midland, on the other hand, with 3.9m traded, firmed 5 to 493p. Old takeover favourite Magnet spurted 10 to 230p on a turnover of 2.7m shares, while Meyer International added 3 to 350p.

Laporte were in demand following the system at 341½p. Sedgwick, a dull market on Wednesday reflecting a Wood Mackenzie profits downgrading, staged a useful rally on Mackenzie profits downgrading, staged a useful rally on thoughts that the fall had been overdone and closed 4 better at

marketmakers in the shares. One dealer commented that pent-up sellers had taken advantage of the USM facility

received. The terms were described as inadequate, and marketmakers said that the deal was far from neat. Atlantic Assets were affected most, falling 5½ to 44p, while Edinburgh American Assets closed at 102p and Japan Assets at 72p.

Caledonia Investments' purchase from a single source of a 25.4 per cent shareholding in English & Scottish Investors these shares opened at 4p.

6 at 294p, but other Brewery whether E & S I should continue as an investment trust.

Fresh fund raising, the company proposes a rights issue of £21.5m, necessary for future expansion in both America and Eorope, onsettled London Investment Trust and the shares ended cheaper at 36p.

News of sharply increased annual profits together with a £3m placing of Convertible loan

Leaders adopted an easier trend.

Speculative support continued for regional issue Greene King and the close was 9 higher at 491p; gossip of further stake-building by a leading UK major and Australian group Eiders IXL refused to die down but marketmakers saw little evidence of fresh purchases years and profits together with a first purchase years.

The Building sector displayed leaders adopted an easier trend

**NEW HIGHS AND LOWS FOR 1987/88** 

NAME OF THE PROPERTY OF THE PR Birtheri Puede (2) Tress. Spc. Cv 1990, Tress. Stipc. in 'C' 1997 (250pd), COS-MONWEALTH & AFRICAN LOANS (1) Stm., Rhodesis 25pc., Non-Asserted, Assert-CANS (1) Premark Intl., BRIEWERS (1) Greene King, ELECTHICALS (1) Sectionic Rentals, TRUSTS (2) River & Mercaritis Stapped Prof., Scot. National Stapped Prof., OLS (1) Titorated.

announcement of a bld approach. Inevitably, Woolworth were put forward as a possible contender, but a number of dealers thought this was unlikely in view of its recent successful acquisition of Tip

The leading UK suppliers of telephone systems encountered calmer conditions after Wednesday's nervousness on worries over British Telecom equipment contracts. Pleasey, the hardest hit stock that day, the narcest hit stock that day, cootinoed to trade freely, although volume halved at 7.6m, and settled 4 up at 149p while GEC regained 3½ to 161p. BT, which amounced increased charges for inland rejusted eleminate departs. private circuits, improved 2½ to 231½p despite a "sell" recommendation from a leading securities house. Among other

Mackenzie profits downgrading, staged a useful rally on thoughts that the fall had been overdone and closed 4 better at 214p, after 216p. Volome amounted to 18m shares.

Kunick, the health care and entertainments group, staged a quiet debut in the Unlisted Securities Market; the shares, previously traded under Special Rule, opened at 41p, but drifted back to 37p. There are now six market market in the abares.

successful acquisition of Tip
Top. It was also suggested that
Lloyds Chemists, up 6 at 188p,
after having been down to 128p
at one stage, may be interested.
Among the leading Stores,
Woolworth, 283p, and Burton,
244p, both of which are current
boy situations with Nomura
Securities, improved 12 and 6
respectively. Marks and Speacer closed little altered at 185p
but were actively traded (5.8m) but were actively traded (5.8m) in the wake of its plans to offer personal loans to its 2m Char-gecard holders.

leaders, BICC rose 8 to 3490 and Cable & Wireless gained 8

to 353p. heavy trade in

227

Rolls-Royce, up 3 st 143p in a volume of nearly 6m shares, was thought to have reflected further sales by excess foreign holders. Earlier this week excess incidents stood at arrested excess holdings stood at around 15m, but most are now thought to have been sold.

The majority of the major regressional stocks closed with little alteration. Once again, Hanson were actively traded (some 7.2m shares) before settling a comple of pence better at 1364p. Glamo improved % to \$10% with around 2.8m shares going through the Seaq system.

Buying interest revived lu

British Aerospace which put
on 8 to 376p while Cookson, a
current favourite with a number of investment analysts, also
staged a revival and put on 10
to 552p. British Airways were
briskly traded (around 4.8m
shares) and closed 3 higher at
171p., after having touched
165%p in the early dealings.
Phillips and Drew are currently Phillips and Drew are currently Phillips and Drew are currently recommending purchases of British Airways on the belief that the recently acquired BCal could boost profits by £80m a year, which is expecteed to come through strongly in 1989. BAA were also an active market, closing a couple of pence firmer at 109p in a volume of 5.5m shares. Granada gained 9 to 327p following staff rationalistion moves.

alistion moves.

Maxwell Communication returned to favour, gaining 9 to 247p, but the star of the sector 247p, but the star of the sector, was Haynes Publishing which, following an excellent first-half trading performance, soared 80 to 428p in a restricted market. Bunzi dropped after news of the acquisition of a California-based distributor of high-quality building products for \$24.2m and ended 4 lower at

160p. Traded option contracts came out at 27,932. Calls amounted to 20,962 and pots totalled 6,970. British Gas calls were active at 4,097, while FISE active at 4,097, while FISE active at 4,097, while FISE active at 1,097, while FI contract registered 2,169 calls and 1,396 puts.

Traditional Options • First dealings Jan 18 • Last dealings Jan 29

● Last declarations Apr 21 • For Settlement May 3 For rate indications see end of London Share Service

Interest in the Traditional option market remained at a low level. Stocks dealt in for the call included Kunick, Norfolk Capital, Eagle Trust, Far Eastern Resources, Premier Consolidated and Epicure. No puts were reported, but a dou-ble option was transacted in

### Estates Property Investment Company, (EPIC) spurted to 250p prior to closing a net 16 FT - ACTUARIES INDICES

and effective foreign interest.

There was Japanese buying

of British Gas and Glaxo, both of which featured In Nomura's

list of twelve recommended "core" companies. Also giving a

takeover bid.
Government bonds continued to respond to the strength of the New York bond market,

which gave an additional boost to the close of the London mar-

ket. Most of the interest was seen at the long end of the Gilts market, which had already put

on around % of a point when the announcement of the trade figures brought a markdown "which lasted all of five min-

utes", according to one trader at a US bank. The sector quickly recovered, on the back of the foreign

exchange markets, and by the end of the day, gains ranged to a full point in the longs. Short-dated Gilts were less active, but

added about 1/2 as concerns over upward pressures on base rates

ontinued to fade. Triceotrol shares were

quickly marked up by 20 to 180p as Salomon and Kleinwort

Benson led the buying foray which took the shares to a clos-

ing level of 187p. The market is

ted to disclose a drilling report shortly, jumped 18 to 295p, Ultramar bounced 21 to 237p, and London & Scottish Marine

Oil (LASMO) added 9 to 314p.

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

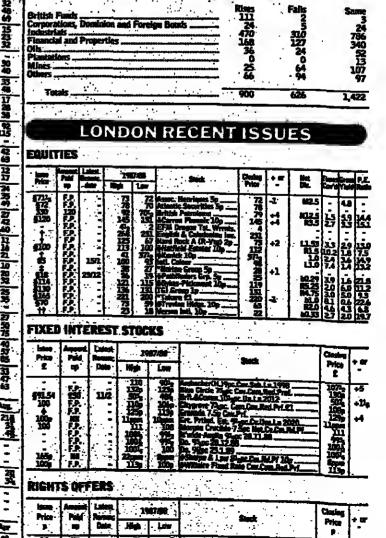
	e cup crotions		1 1Mm 34	ay san	sary 20	27	26	25	(Shbior)		
F	& SUB-SECTIONS  Igures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Vieid'% (Maux.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	nd adl. 1988 to date	fodex No.	ludex No.	Ander No.	index No.
1	CAPITAL GOODS (209)	744.42	+1.0	9.69 9.97	3.90 3.83	12.95	1.05 0.43	737.46 975.94	742,72	741.25 974.64	767.33 935.63
2	Building Materials (30)	984.15	+0.8	9.97	3.36	14.63	8.38	1469.30	1463.19		1321.9
3	Contracting, Construction (34) Electricals (12)	1479.43 2073.18	+1.6	9.00	4.67	24.40	0.00	2043.33	2044.35		
31	Electronics (32)	1509.21	+1.7	10.71	3.50	12.18	6.09	1464.59	1511.27		1723.04
ы	Mechanical Engineering (57)	309.98	484	9.58	4.27	13.18	0.19	387.49	389.24		436.87
ă	Metals and Metal Forming (7)	440.24	+0.7	9.78	3.51	12.33	0.00	437.23	438.44	441.03	399,74
9	Motors (13)	278.58	+1.0	10.89	417	10.69	0.00	275.84	276.30	272.96	302.87
ιőÌ	Other Industrial Materials (24)	1249,75	+0.6	8.34	416	14.24	2.67	1242.55	1255.69		
23	CONSUMER GROUP (184)	1049.99	+0.8	8.46	3.48	15.06	0.62	1441.73	1039.75		
22	Brewers and Distillers (21)	963.25		21.32	4.01	11.21	0.02	963.21	981.63	981.34	966.27
25	Food Manufacturing (23)	856.92	+0.5	8.92	3.76	34.47	1.06	652.79	855.13	\$55.06	776.33
16	Food Retailing (16)	2984.61	+0.4	7.73	2.94	17.19	4.19	2075.67	2008.56		1946.15
7	Health and Household Products (10)	1419.20	+1.0	6.45	2.47	18.49	0.03	1892.97	1775.13	1769.50	
9	Leisure (31)	1298.22	+1.2	7.62	3.90	26.34	0.00	1193.54	1188.13		
u l	Packaging & Paper (36)	496.54	+8.3	8.61	3.70	15.28	0.46	495.10	476.84	493.89	
2	Publishing & Printing (16)	3484.41	+1.5	4.54	4.24	19.22	4.11	3632.35		3405.12 848.48	871.1
4	Stores (34)	859.85	+1.5	8.84	3.57	15.16 10.34	0.25	586.82 589.41	847.43 593.45		6345
5	Textiles (17)	367.58	-0.3	11.16 10.53	3.99 4.25	11.86	0.57	364.30	865.73		272.5
١٩	OTHER GROUPS (92)	871.87	+0.8	6.65	2.22	19.27	0.62	1992.99	1096.43		
2	Agencies (19)	1053.00	+0.4	9.70	4.45	12.66	3.22	1848.79	1056.32		
3	Chemicals (20) Conglomerates (13)	1183.03	+15	9.92	4.48	11.76	6.00	1365.13		1157.92	
5	Shipping and Transport (11)		+0.8	8.97	441	14.60	0.00	1847.17	1842.24		
i7	Telephone Networks (2)	915.35	+1.3	11.76	4.62	11.32	6.00	983.24	913.19	962.17	872.3
18	Miscellaneous (27)	11/4-55	-0.4	12,94	4.06	9.21	8.16	1178.81	1153.42	1141.77	1207.5
19	MOUSTRIAL GROUP (485)	932.11	+9.8	9.34	3.00	13.50	0.76	924.43	925.73	921.68	932.8
52	Oil & Gas (15)	1788.75	+3.0	9.29	5.50	13.27	0.00	1737.29		1750.50	1608.5
9	500 SHARE INDEX (500)	1604,75	+1.1	9.33	4.06	13.46	8.70	993.33	994.86		790.0
1	FINANCIAL GROUP (124)	660.40	+8.4	-	4.77	-	8.21	657.70	660.25		
2	Banks (8)	647.05	+8.2	19.85	5.89	6.65	0.66	665.49	671.67		7168
5	Insurance (Life) (8)	992.54	+0.6	-	4.64	-	8.00	986.83	961.63	973.19	
6	Insurance (Composite) (7)	513.05	+0.7		5.37		0.80	309.38	509.35	594.22 942.64	493.5
7	insurance (Brokers) 18)	981.46	+0.7	12.29	6.38	19.41	0.00	895.23 345.73	934.56 346.74		1194.9 382.9
8	Merchant Banks (11)	358.63	+1.4		4.07	24.83	8.32	1072.03	1020.39	1672.03	827.8
9	Property (52)		+0.4	5.15 9.39	2.99 4.34	13.44	1.38	391.42	392.53		496.3
2	Other Financial (30)					2,3,77	9.81	838.42	342.93		
7	Investment Trusts (86)	840.23	+9.2	19.71	3.04 4.02	16.52	9.00	423.92	429.14	422.57	371.5
21	Mining Finance (2)	424.51 1026.11	+81	9.35	5.26	12.63	8.00	1000.64			37L3
3	Oversess Traders (8)	911.70	+1.0	,	414	- 12.03	0.57	902.73	994.39	900.57	399.1
~	ALL-SOARE INDEX (720)		_	Day's			مطر	-	194.37		Year
		index No.	Day's Change	High	Day's	.im 27	26	<b>基</b> 25	22	Jan 21	390
	FT-SE 180 SHARE INDEX 4					1785.2	1767 1	1762 2	1770.9	1767.2	

	FI)	(ED I	NTE	REST	1	AVERAGE GHOSS REDEMPTION YIELDS			Thu Jan 28	Wed Jan 27	Year ago (approst)	
	PRICE INDICES	Thu Jan 28	Day's change %	Wed Jan 27	xd adj. today	xd adj. 1988 to date		Coupous 15	years	8.71 9.22 9.12 9.24	8.82 9.33	9.29 9.86 9.87
2 3	Spitish Government 5 years 5-15 years Over 15 years Irredeomables	123.29 140.16 158.23 166.32	+8.27 +0.89 +0.85 +0.73	122.96 139.05 148.95 165.11		1.06 1.31 0.00 0.00	6	Medium   5   Conposes   15   25   High   5   Couposes   15   25	years	9.24 9.41 9.29 9.32 9.56 9.31	9.19 9.37 9.53 9.37 9.46 9.41 9.14	10.33 10.14 9.95 10.38 10.29 10.00 9.79
6	All stocks	137.22 124.94 115.61 115.66	+0.65 +0.16 +0.67 +0.63	136.34 124.74 114.24 114.94		0.00 0.36 0.33	11 12 13	fulca-Licited Inflation rate 5% Inflation rate 5% Inflation rate 10% Inflation rate 10%	5yrs Over 5 yrs 5 yrs Over 5 yrs		2.41 3.99 1.45 3.82	3.53 3.74 1.93 3.58
_	Releatives & Lans Preference			117.45 86.42		0.63	16 17	Behr & Lows Preference	5 years	19.81 18.76 10.76	19.90 10.84 10.86	10.96 10.95 10.95 11.44

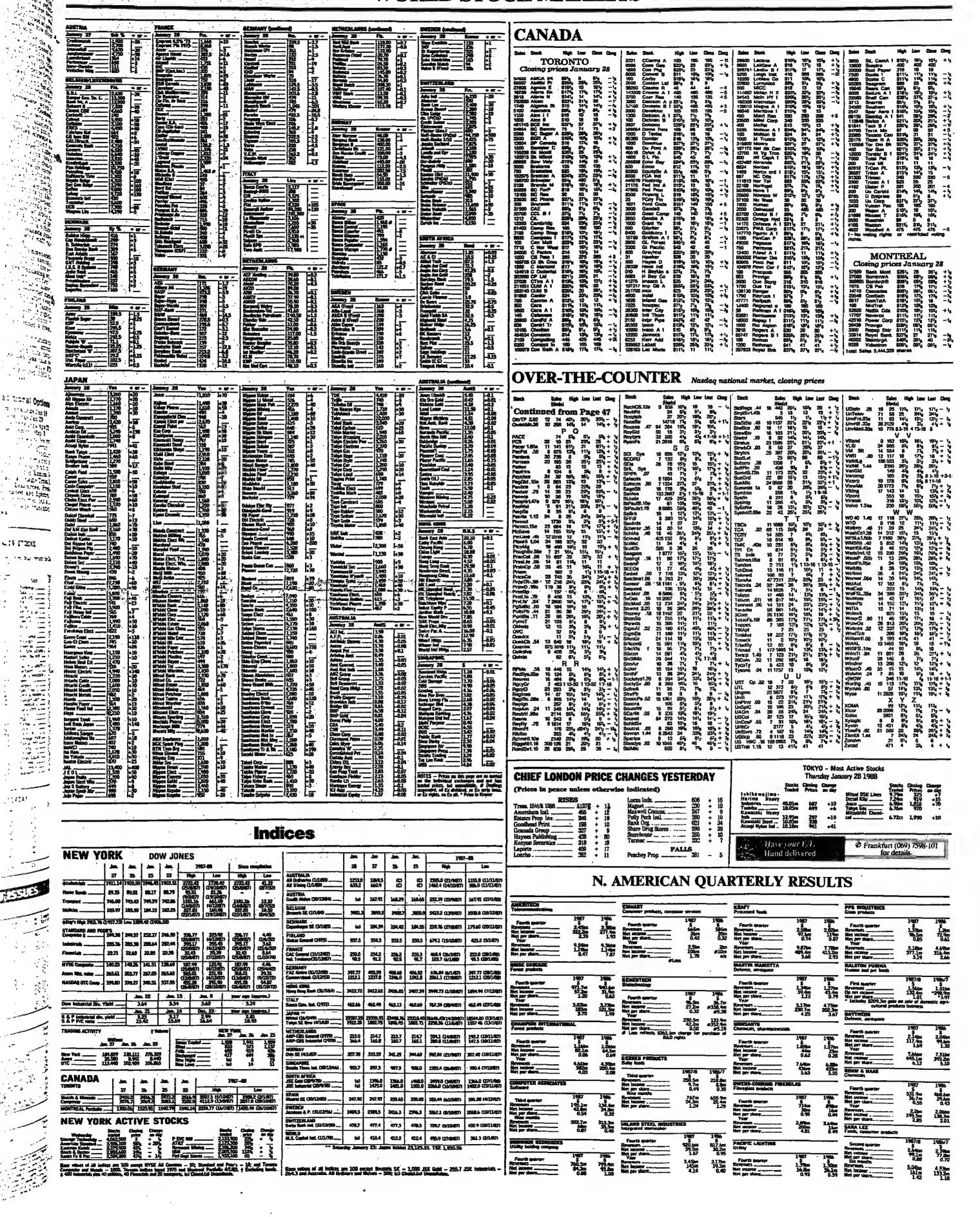
# LONDON TRADED OPTIONS July Det. 33 48 35 18 10 45 25 Bril. & Comm. (\*323 ) Cable & Wire (\*952 ) 42 30 20 46 30 28

# 2,000 4,200 4,200 4,200 4,200 4,200 1,300 1,300 2,100 2,100 2,100 1,200 RISES AND FALLS YESTERDAY

TRADING VOLUME IN MAJOR STOCKS



### WORLD STOCK MARKETS



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YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES 8: \$15 E 100±1 14 30±9 25 67 2 2597 : 2 156 1 3 3239 4 315 2 152 21 2 11 13 Manth

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### NYSE COMPOSITE CLOSING PRICES

### LAMEX COMPOSITE CLOSING PRICES







**WORLD STOCK MARKETS** 

## **Dow fluctuates** to close with a modest rally

### **Wall Street**

EQUITIES fluctuated with little conviction yesterday but ended the day moderately higher, urites Janet Bush in New York. The Dow Jones Industrial Average scored a gain of about 20 points in early trading, then slipped back to Wednesday's

closing levels before closing 18.90 points higher at 1,1930.04. Trading activity was moderate with about 167m shares changing hands. US financial markets continued to react to Wednesday's news of a 4.2 per cent rise in fourth quarter GNP and 2.7 per cent increase in the GNP defla-

The response of Treasury bond prices has been unequivo-cally positive as the market chose to concentrate on the lower than expected indicator

of inflation and a very large build up in inventories. Bonds interpreted the figures pessimistically for the economy

pessimistically for the economy and many analysts forecast growth of only 1 per cent in the first three months of this year.

The build up in inventories provided evidence that strong production over the last few months had met weak demand.

Economists at S.G. Warburg Securities said: The current economic outlook in the market clesrly removed fears of a Fed tightening, especially since inflation still appears subdued and the dollar is stable".

Bonds extended Wednesday's

and the dollar is stable".

Bonds extended Wednesday's two point raily and the Treasury'a 30-year 8.875 per cent benchmark issue closed % point higher to yield 8.48, the long bond's lowest yield since early July.

Bond market participants

Bond market participants reported some retail interest. The market's strong raily in recent weeks has been mostly on professional buying and there had been some worry that a rally without retail participa-

Yesterday's genuine buying was a good sign, but there is still some concern that the market could be vuinerable because of the swiftness of recent gains, particularly with the \$27bn refunding due in the first week

of February. The GNP figures were, at best, ambiguous for the equity market. Stocks hardly reacted to their release on Wednesday, and yesterday market commen-tators seemed to be trying to pick out the more positive aspects of the figures to explain the slightly stronger market

opening
If the figures are interpreted
as evidence that the US economy is hesded for a sharp deceleration in the first quar-ter, equities should be under

However, analysts preferred to talk about the potential boost to the market from lower interest rates if the US Federal Reserve believed economic weakness justifued an easing in

monetary policy. There appeared to be little reaction to yesterday's figures for personal income and consumption in December, which

not much below the Increase in 1985. However, consumer prices rose by around 4.4 per cent last year compared with an increase of only 1.1 per cent

Economists at Griggs & Santow in New York noted that in real terms, personal income gains were not enough to sustain consumer spending last

Retail store stocks were mixed. Sears Roebuck slipped \$1/2 to \$33%, J.C. Penney rose \$1/2 to \$42%, May Department Stores dropped \$1/2 to \$33%, K Mart was down \$1/4 at \$11% but Devitor, Hudson rose \$1/2 to Dayton Hudson rose \$% to

The major piece of corporate news was the announcement of wide-ranging management restructuring at International Business Machines, which rose

to a tax refund.

Among blue chips, Merck stood \$% higher at \$148%, Eastman Kodak gained \$% to \$43 % and Procter & Gamble recovered a loss of \$% at midsession to close \$% higher at \$1224%.

santo, may start to market its turnover from levels ranging fat substitute before Procter & between Sch100m (\$8.52m) and

Aspirin msnufacturers continued to do well after the publication of research showing that a regular intake of the drug appears to reduce chances are reduced to reduce the reduced to reduced the reduced to reduce the reduced to reduce the reduced to reduce the reduced to reduced the reduced the reduced to reduced the reduced to reduced the redu

### Canada

had risen about five points in earlier trading, fell 15.9 points to 3050.80 as declines outnumbered advances by 475 to 330 on turnover of 24m shares.

Alcan Aluminium ssid it

A FIRMER financial rand and cents to R27.50. the easier bullion price nudged gold stocks in Johannesburg lower, eroding most of the pre-

neavyweight gold stocks posted large losses. Vaal Reefs dropped R1 to R281, Randfontein lost R7.50 to R287 and Elandsrand shed R1 to R19.

Among marginal solds Factories and Rustplat declined R1.50 to end at R25.50.

Diamond share De Beers gave up 75 cents to a 12-month low of R25.75.

Among marginal golds, Free-gold gave up 50 cents to close at R32.25, Kloof declined R1 to R32.25 and Harmony fell 50 tive interest for blue chips.

Most other minings fell in aympathy. Anglo American lost 25 cents to R47.25, Gencor was

The company said its latest fourth quarter results included

Nutrasweet, a unit of Mon-

of heart attacks.

erate trading.

Base metals showed broad osses. Noranda lost C\$% to

expects the union representing workers at three Quebec smelters to return soon to central bargaining talks. Alcan fell C\$1 % to C\$32.

### SOUTH AFRICA

# were both close to forecasts. Income rose 0.7 per cent and personal consumption spending increased 0.5 per cent. For the whole of 1987, personal income rose 6.0 per cent, and the lacresse in

Business Machines, which rose \$1 to \$113% on the news.
Pennzoil, which announced fourth quarter net earnings of \$22m or 44 centa s share against \$46.5m or \$1.03 a share a year earlier, slipped \$% to \$67%.

an after-tax charge of \$18.9m from losses on short-term marketable equity securities and an after-tax gain of \$15.4m related to a tax refund.

Gamble gets clearance for its Sch200m at the peak last year slmilar product Olestra. Mon-santo yesterday rose \$1% to midsession before slipping back to close \$% higher st \$83%.

Sch200m at the peak last year to daily averages of between just Sch10m and Sch12m. "It really is very low," says Mr Peter Zelnik, a financial

of heart attacks.

Sterling Drug, which manufactures Bayer aspirins, gained \$% to \$88% and Bristol-Myers, whose Bufferin brand was used in the research, gained \$% to \$43%.

per cent.

Share prices overall have slumped by 15 per cent since the world market collapse on October 19. "But," points out the head of securities at one of the country's biggest banks, "it appears as lower as other prices overall have slumped by 15 per cent.

DECLINES by golds and base metals outweighed gsins by energy issues and industrials and stocks posted a loss in mod-

The composite index, which

September after the market had been heavily bought by foreign investors during the early part of the summer. Now, however, foreigners are

for the best part divesting themselves of Austrian shares and the market has continued to slide. At yesterday's close the index was 195.30, a fall of 1.36 and touching its lowest point since April 1985 when it plumbed 188.91.

# Large-scale buying in recent weeks has dried up. Moreover, the Austrian investor is cautious by nature – a fact indicated by the huge level of savings in the country's banks. While the equities market has remained subdued, more than Schl,000bn is stashed away in saving accounts. Nevertheless, the market's

Nevertheless, the market's nevertnetess, the market's slide as ahare ownership has widened. According to bankers' estimates, the number of Austrians owning shares has risen Industrials ended little changed overall, despite selec-

FRENCH and West German retreated sharply under heavy foreign selling while other European bourses moved listlessly in dull trade.

FRANKFURT slumped heavily in s wave of selling led by UK and US Institutions which dragged the FAZ index to a three-year low.

After beginning softly on the dollar's fall, the market's floodgates opened after the FAZ sank below the closely watched support point of 400, which has held under pressure since last November. The index ended 7.82 lower at 397.77, while the midsession Commerzbank index showed a 25.7 loss at 1.212.1.

Among the biggest victims, Nixdorf closed a net DM24.9 lower at DM460 - after falling 8.5 per cent at one stage - on a reconsideration of the computer group's 1987 sales figures.

Dollar woes hit car stocks sharply BMW easing DM4.50 to DM232.20 and Bayer off DM3 at DM232.20 and Bayer off DM3 at DM232.20 and Bayer off DM3 at DM232.00 and Bayer

reconsideration of the computer group's 1987 sales figures.

Dollar woes hit car stocks sharply, BMW easing DM14.50 to DM469, Dsimler DM12 to DM502. Porsche reeled DM10.50 lower to DM410.50 lo

Standstill in Vienna

while investors keep

eye on dollar, taxes

Austria

FT~A World Index

(in Schilling terms)

1987

from only 1.5 per cent to around 2 per cent over the past

This gradually rising interest in equitles is due largely to plans by the Socialist-led coali-

tion Government partially to privatise some of Austria's

many state-run industries. The

plan, enabled in a bill passed last July, envisaged the sale of shares held by OIAG, the hold-

ing company for nationalised industries, and sales of up to 49

per cent of the country's elec

Last November, 15 per cent of OEMV, the successful, state

owned petrochemical company was listed on the bourse. Its

price has remained stable

despite the market's wider fluc-tuations. OEMV's capitalisation

accounts for between 10 and 15

per cent of the bourse's average

daily turnover.

As the market falls, however.

the question preoccupying financial analysts is how inves-

tors will react both to propos

listings later in the year. The Government is shortly

tax reforms and a spate of nev

expected to unveil a tax reform

package which would reduce

tax incentives on shares and

tax incentives on shares and dividends. "Investors might be reluctant to increase their equity share" says Mr Zeinik, analyst at Girozentrale.

Analysts are more optimistic, though over the Government's privatisation plans. In May or June, 25 per cent of the successful Austrian Airlines will be listed, and despite the gloom enveloping the market, many

enveloping the market, many analysts are forecasting its pop-ularity.

tricity industry.

bourse has become caught in the doldrums as the market has

slumped to its lowest levels in two years, writes Judy Demp-sey in Vienna.

The recent slump has cut

exchanges."

One inhibiting factor helping steady the fall is the exchange

steady the fall is the exchange rule limiting domestic share fluctuations to 5 per cent in a trading day. The clause has had to be invoked only once, however, since black Monday.

Between October 19 and December 4 the Vlanta bourse.

December 4, the Vlenna bourse fell by 13.4 per cent to leave

the stock exchange index at 210.87, down from 257.57 in

shares and dividends.

was never

\*EUROPE

BOLSTERED by atrong speculative trading in oil shares and unflustered by the disclosure of a UK trade deficit for December towards the higher end of City expectations, London equities managed a resilient

gain.
The PT-SE 100 Index closed 18.7 higher at 1,783.9 after falling behind at one stage following the poor

capital increase, lost BFr60 to BFr6,520. Fellow chemical Solvay, however, rose on strong demand, adding BFr130 to BFr9.170, riding on optimism that it will post 1987 profits in line with strong first-half figures. Petrofina made up a modest BFr10 to BFr9,420, with analysts expecting the oil group to report a rise of 5 per cent in 1987 net profits today or on Monday.

trade figures.

A bullish circular from Nomura Securities, which said it expected London to outperform other major markets in the near term, also provided further broad

Government bonds rose in response to US bonds, with the best gains at the long

due to a telephone breakdown which forced the abandonment of the official bourse session. A spokesman for the bourse said it was the first time the bourse had been forced to close early since the end of the Second World War.

Foreign sell-off pushes Frankfurt to three-year low

177.20.

ZURICH ended even after an uneventful aession. Wall Street's overnight decline and the drifting dollar kept investors sldelined. The Crédit Suisse index added a tiny 0.3 to

Banks continued to neglected while the market awaited 1987 results. Union Bank eased SFr35 to SFr2,890 while Swiss Bank inched np SFr1 to SFr318.

Insurers were little changed with the patchla according of

with the notable exception of Swiss Ré, which climbed SFr50

106.30 on strong foreing buying. Nedlloyd fell 80 cents to Fl
177.20.

ZURICH ended even after an
uneventful aession. Wall
Uneventful aession. Wall
Street's overnight decline and
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Street's overnight decline and street to 955, supported by per cent to 955, supported by per

rials.

Fiat, expected to post a sharp rise in 1987 consolidated profit, rose L106 to L8,120.

STOCKHOLM advanced across a broad front in moderate trade bonyed by steady liquidity from domestic institutions. The Affaersvaerlden general index rose 6.3 to 735.3 as blue chips and forestry issues performed strongly.

PARIS was taken lower as foreign investors, notably British and American, led a broad sell-off. The CAC index lost 1.2 to 253.0 bet, based on opening prices, but failed to reflect the steady decline throughout the session.

Marale 248.68 in thin trade.

Oils were led lower by Norsk
Hydro's NKr6 tumble to
NKr151.50, while Saga Petroleum finished NKr1.50 lower at

## Retailers spur Nikkei's rebound

### Tokyo

AFTER a weak start, share prices took encouragement from the dollar's continued stability while strength in retailers and financials lifted prices later

in yesterday's session, writes
Shigeo Nishiwaki of Jifi Press.
The Nikkei stock average
closed 251.34 higher at
23,587.25, but volume dipped to 631.85m shares compared with Wednesday's 839.01m. Advances outnumbered declines by 594 to 322 with 182 issues unchanged.

A wait-and-see mood domi-

nated the market in early trading although the steady dollar triggered light buying. During the afternoon, it was reported that the Finance Ministry was reviewing the offering method for the third public sale of National Telephone & Telegraph (NTT) shares planned this autumn, including a possi-ble cut in the amount of shares

subject to sale.
In the second sale of NTT shares last November, the Gov-ernment publicly offered 1.95m shares at a per-share price of Y2.55m, with 1.65m shares sold

finctuating between the low levels of Y2.20m to Y2.30m. NTT fared poorly during the morning, losing Y10,000 to Y2,22m, but the reports sparked buying interest and NTT closed Y150,000 higher at

NTT's rise triggered buying in financial issnes with Taisho Marine and Fire adding Y40 to Y1,130, Tokio Marine and Fire np Y60 to Y1,940 and Sumitomo Bank climbing Y120 to Y3,680. Ishikawajima-Harima Heavy

Industries topped the active list with 48.01m shares changing hands and advanced Y10 to Snpermarket chains performed strongly on expecta-tions that the strong yen would help reduce import costs. Jusco-surged Y70 to Y1,810, Daiei added Y70 to Y1,860 and Seven-Eleven Japan was up Y270 at Y8,600.

Bond prices firmed, but the market still lacked vigour. The market made a good start in response to the strong overmarket still tacked vigour. The market made a good start in response to the strong overnight performance of the US bond market.

The yield on the benchmark

Tow and blue chips ended steady to firmer.

DBS Land was active on the foreign holders of 150m shares could sell. The counter fell 5.5

to individual investors. The NIT stock price has since been fluctuating between the low to 4.250 per cent from 4.295 per cent at the close on Wednesday. After rising slightly, the yield fell sharply after buying by a major brokerage and ended at 4.235 per

On the Osaka Securities Exchange (OSE), prices staged a sharp rally, with the 250-is-sue OSE stock average closing 189,11 points higher at 23,785.92 in moderate turn-

### Singapore

SPECULATIVE buying and light bargain-hunting after two days of declines helped share prices stage a modest rise but trading remained listless with institutions sidelined. The Straits Times industrial index rose 6.34 to 903.73. Price

movements were generally nar-row and blue chips ended

cents to 94.5 cents and selling was well absorbed.

### **Australia**

THE EXTENDED slide in gold and copper prices dragged resources sharply lower. The All Ordinaries index shed 16.2 to 1,253.3 and the gold marker dropped 93.5, or 5.3 per cent, to 1,662.5.

Quality gold-related stocks were marked down throughout the session. Sons of Gwalla dropped 60 cents to A\$6.00, Metana gave up 40 cents to A\$8.30, Emperor lost 30 cents to A\$2.50 and Newmont shed 15 cents to A\$1.35. Among mines, Bougalnville . fell 35 cents to A\$3.10

### **Hong Kong**

UTILITIES were the only bright spot in dull, directionless trading. The Hang Seng index inched up 0.10 to 2,412.72.

Banks were depressed by HongKong & Shanghai Bank's announcement that its USbased Marine Midland unit had

added \$200m to its loan-loss



### £35,000,000

**Loan Facility** 

Arranged and Managed by J. Henry Schroder Wagg & Co. Limited

Provided by: Barclays Bank PLC Banque Nationale de Paris. London Branch Credit Lyonnais. London Branch Deutsche Bank Aktiengesellschaft: London Branch Westdeutsche Landesbank Girozentrale Kredietbank N.V., London Branch

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### FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL WARKETS Figures in parenthèses show number of stocks per grouping	THURSDAY JANUARY 28 1988					WEDNESDAY JANUARY 27 1988			DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
	97.97	-1.4	81.46	91.21	4.96	99.38	82.78	92.64	180.81	85.36	101.89 98.38
Australia (93)	89.50	+0.1	74,42	77.49	2.70	89.42	74.48	77.49	102.87	85.53 94.63	106.07
Austria (16) Belgium (48)	105.74	+0.3	87.92	91.13	5.20	105.39	87.78	90.84	134,89	98.15	112.02
Canada (127)	107.86	1 -1.4	89.68	99.73	3.05	109.41	91.13	101.29	141.78	98.18	123.80
Denmark (38)	113.68	+0.3	94.53	98.88	2.99	113.32	94.39	98.57	124.83	90.10	125.00
Fipland (23)	110.43	3.0-	94.53 91.82	94.02	1.81	111.05	92.50	94,71		74.13	111.43
France (124)	74.13	-0.8	61.64	65.32	4.54	74.69	62.21	65.99	121.82	68.38	93.88
Prance (124) annument processing	68.38	-17	56.86	59.22	3.12	69.57	57.94	60.43	104.93	1 20.20	100.86
West Germany (94)	91.49	-61	76.07	91.61	5.74	91.59	76.28	91.73	158.68	73.92	115.40
HORG KONG (46)	112.85	+0.2	93.84	99.76	4.54	112.68	93,85	99.67	160.22	93.50 70.11	102.11
[reizhe (14)	70.39	+0.4	58.53	64.69	2.97	70.14	58.42	64.53	11211	100.00	116.44
Italy (94) Japan (457)	149.46	+1.7	124.28	120.13	i 0.58	147.03	122.46	118.50	161.28	93.76	113.43
Japan (40//	11914	+12	99.07	117.21	3.19	117.74	98.07	116.02	193.64		114.02
Malaysia (36)	130.92	+0.6	108.86	321.36	1.11	130.16	108.41	316.50	422.59	90.07	105.22
Mexico (14)	96.91	+0.6	80.58	82.78	5.44	96.34	80.24	82.54	131.41	87.70	90.02
Netherland (37)	73.29	+1.8	60.94	58.06	5.66	72.00	59.97	57.00	138.99	72.00	109.50
New Zealand (24)	13.27	-3.1	81.94	84.97	3.22	201.66	84.68	87.62	185.01	95.51	
Norway (24)	98.55	+0.8	87.41	97.76	2.48	104.31	86.88	97.10	174.28	81.21	108.11
Singapore (26)	105.13		104.05	79.87	5.22	128.15	106.74	81.20	198.09	100.00	113.64
South Africa (61)	125.13	-24		116.97	3.48	137.17	114.25	117.58	168.81	100.00	118.84
Spain (43)	136.52	-0.5	113.51	93.62	2.66	104.28	86.86	. 92.71	136.64	88.50	91.53
Spain (43) Sweden (34)	105.40	+17	87.64		2.56	76.91	64.06	64.89	111.11	73.65	102.26
Switzerland (53)	77.09	+0.2	64.10	64.81	438	129.73	108.06	108.06	162.87	99.65	112.41
Switzerland (53)	131.31	+1.2	109.18	109.18	4.29	129.73	84.85	101.87	137.42	91.21	113.07
USA (588)	103.38	+1.5	85.96	103.38	3.60	101.87					306.23
		+0.4	83.08	85,32	3.99	99.54	82.91	85.17	130.02	92.25	
Europe (971)	99.91		120.75	117.83	0.80	143.01	119.11	116.35	158.77	100.00	115.26
Oseillo Rocin (682)	145.22	+1.5	105.70	104.87	1.81	125.64	104.65	103.91	143.65	100,00	111.67
C-ws_9stiff( (1653)	127.11	+1.2		103.19	3.56	102.27	85.18	101.85	137.55	91.68	113.02
Morth America (715)	103.62	+1.3	86-16		3.68	80.86	67.35	70.73	111.97	78.89	95.87
Furno Fx. UK (642)	60.97	-0.5	66.93	70.26		94.56	78.76	89.15	164,03	82.92	100.65
Daelific Fy. Jaroin (225)	74,02	-0.6	78.19	88.59	5.08	125,12	104.21	103.70	143.38	100.00	111.70
World Ex. US (1855)	120.44	+1.1	105.13	104.55	1.88	114.78	95.61	102.51	138.82	100.00	112.23
World Ex. UK (2114)	116.16	+1.2	96.59	103.58	2.25		96.64	103,17	139.47	100.00	112.24
World Ex. So. Al. (2382)		+1.2	97.66	104.27	2.44	116.03	84.37	95.31	134.22	92.98	110.25
World Ex. Japan (1986)		+0.9	84.97	96.09	3.78	101.30					
···		+	97.70	104.11	2.46	11611	96.71	103.03	139.73	100.00	112.24
The World Index (2443)	117.50	+1.2	97.70	104.11	240				<del></del>		

The World Index (2443) \_\_\_\_\_ 117.50 +1.2 s: Dec 31, 1986 = 100; Floknot: Dec 31, 1987 = 115.037 (US \$ laden), 90.791 (Po